

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: Charter Township of Plymouth	County Wayne
Audit Date December 31, 2004	Opinion Date April 22, 2005	Date Accountant Report Submitted To State: June 30, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): Plante & Moran, PLLC			
Street Address 27400 Northwestern Hwy.	City Southfield	State MI	ZIP 48034
Accountant Signature 			

Charter Township of Plymouth Wayne County, Michigan

Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2004

Prepared by the Charter Township of Plymouth

Charter Township of Plymouth

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Charter Township of Plymouth

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June 5, 2005

To the Board of Trustees
Charter Township of Plymouth
Wayne County, Michigan

The Comprehensive Annual Financial Report of the Charter Township of Plymouth for the fiscal year ended December 31, 2004 is hereby submitted.

Responsibility for the accuracy, completeness, and fairness of the financial data herein, including all disclosures, rests with the Charter Township of Plymouth.

All funds, account groups, and component units of the Township are included in this report. These funds include the General, Special Revenue, Enterprise, and Fiduciary Funds; under account groups, it includes the General Fixed Assets and General Long-term Debt Account Groups, and under component units, it includes the Economic Development Authority, Brownfield Redevelopment Authority, and Downtown Development Authority.

Report Format

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical.

The introductory section includes the table of contents, this transmittal letter, an organizational chart of Plymouth Township, a list of the Township's principal officials, and a fund organization chart.

The financial section includes the auditor's opinion from the accounting firm of Plante & Moran, PLLC, which performed an independent audit of the Charter Township of Plymouth. It also includes a management's discussion and analysis, basic financial statements, the notes to the financial statements, and additional information regarding the funds of the Township.

The statistical section includes selected financial and general information presented on a multiyear comparative basis.

The Charter Township of Plymouth

The Charter Township of Plymouth, located in western Wayne County in southeastern Michigan along the high technology corridor of I-275 and M-14, finds itself strategically situated approximately halfway between downtown Detroit and Ann Arbor. Plymouth Township prides itself with having one of the lowest overall tax rates in southeastern Michigan while providing necessary quality of life services, which citizens and businesses desire and demand.

Enhancing Plymouth Township's position close to the technology and research centers in Ann Arbor is recent census data provided by the United States Census Bureau designating Plymouth Township as having the highest income neighborhoods in all of Wayne County, Michigan. This, along with the educational level of community residents, provides a stabilizing influence, helping to define quality of life.

While most communities have experienced tough economic times since September 11, 2001, Plymouth Township has continued to provide necessary services to the community without any reductions. This is primarily due to the fact that Township staffing levels are below the average of surrounding communities.

Public Facilities

The Township opened the Lake Pointe Soccer Park on June 8, 2004. The park has been well received by Township residents and visitors from around the state.

The Township continued with its plan to build a new township hall and police and fire facilities. A project that started in 2000 saw the hiring of the architect and construction manager during 2004 and completion of the site plan and elevations. The facilities are expected to open in 2006.

Budgeting and Accounting Systems

The Charter Township of Plymouth Board of Trustees adopts an annual budget in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978. The Township's fiscal year is January through December. The annual budget is adopted each October for the subsequent year. The Township Board of Trustees adopts appropriations on an activity basis. Michigan law requires expenditures to be within budget at this level. Unexpended appropriations lapse at year end. The Township Board of Trustees must approve all budget amendments made throughout the year.

In maintaining and improving the Township's accounting and financial reporting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) reliability of financial records for preparing financial statements and maintaining accountability of Township assets. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived and (2) the valuation of the costs and benefits requires estimates and judgments by management. Internal accounting controls will not provide absolute assurance.

General Fund

The General Fund accounts for all the ordinary activities of the Township that are not accounted for in another fund. Revenues for the General Fund come from state-shared revenue, general property taxes, fees, and other sources.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Charter Township of Plymouth has two Special Revenue Funds that are accounted for separately. The two funds are the 911 Communications Fund and the Improvement Revolving Fund. Explanations of the two funds are as follows:

911 Communications Funds

This fund accounts for 911 revenues and expenditures relating to a utility surcharge that is imposed on telephone customers. Funds are collected by the Conference of Western Wayne, of which the Charter Township of Plymouth is a member, and are disbursed to the Township on a monthly basis. Expenditures of these funds are restricted to qualifying expenses as defined by the State of Michigan.

Improvement Revolving Fund

This fund accounts for revenues and expenditures for certain capital improvements requiring separate accounting and financing.

Enterprise Funds

Water and Sewer Fund

This fund accounts for the operations for providing water and sewer service to the citizens and businesses of the Township. The fund's primary revenues are generated through user charges from those requesting water and sewer services. The Water and Sewer Fund employs 11 full-time employees and one part-time employee.

Enterprise Funds (Continued)

Solid Waste Disposal Fund

This fund accounts for the operations providing solid waste services (trash pickup and household hazardous waste disposal) to the citizens of the Township. The fund's primary revenues are generated through user charges from those requesting solid waste services. As of December 31, 2004, the annual charge for solid waste services is \$144.00 per household.

Special Assessments Fund

This fund accounts for revenues and expenses for certain special assessments (road pavings and sidewalk repairs) requiring separate accounting and financing.

Fiduciary Funds

Agency Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Charter Township of Plymouth has two of these types of funds: the Agency Fund and the Tax Collection Fund.

Components Units

Included in the financial statements of the Charter Township of Plymouth are three discretely presented component units: the Economic Development Corporation (EDC), the Brownfield Redevelopment Authority (BRDA), and the Downtown Development Authority (DDA). The EDC assists businesses with the financing of industrial construction projects. The Brownfield Redevelopment Authority captures tax revenues to assist in environmental cleanups of properties. The DDA captures tax revenues that are used to fund improvements to the downtown area along Ann Arbor Road.

Cash Management

The Township's investment policy includes the legal requirements for municipalities covered under Michigan Public Act No. 20 of 1943, as amended in December 1997. We maximize the use of funds and ultimately try to increase the return on our dollars while minimizing risk. Investments are placed with institutions that are deemed to provide minimal risk to Township assets. Our investment portfolio currently consists of authorized pooled funds and money market funds, in compliance with the Township's investment policy and Public Act 20, as amended.

To the Board of Trustees
Charter Township of Plymouth
Wayne County, Michigan

June 5, 2005

Risk Management

The Charter Township of Plymouth is a member of the Michigan Municipal Risk Management Authority (MMRMA). The MMRMA is a self-insured association with a membership of approximately 315 State of Michigan local governmental units. It provides risk management, claims administration, legal defense, and reinsurance services for its members. As a member of MMRMA, the Township has liability coverage of up to \$15,000,000 per occurrence. Our self-insured retention for liability is \$75,000 per occurrence. We are actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the MMRMA Risk Control Staff.

Independent Audit

As required by State of Michigan law, an annual audit of the Township's accounts and financial statements has been completed by the Township's independent certified public accountants, Plante & Moran, PLLC. They have given the Township an "unqualified opinion," which is the very best opinion an organization can receive on its financial statements. Their report is included in this report.

Awards and Recognition

Plymouth Township continues to demonstrate financial responsibility. For the second year in a row, Plymouth Township has achieved national recognition from the Government Finance Officers Association (GFOA). The Certificate of Achievement for Excellence in Financial Reporting was awarded to Plymouth Township for their 2003 Comprehensive Annual Financial Report. This is the highest form of recognition a community can receive for its financial reporting.

Plymouth Township was also recognized by Money Magazine (January 2004) as one of the most desirable places to live in America.

To the Board of Trustees
Charter Township of Plymouth
Wayne County, Michigan

June 5, 2005

Acknowledgments

The preparation of the third Comprehensive Annual Financial Report was made possible by the dedicated service of Deputy Treasurer Amy Hammye. Appreciation is also expressed to Supervisor Richard Reaume (former supervisor), Trustee Steve Mann, Clerk Marilyn Massengill, Public Services Manager Tony Hollis, Information Services Manager Bob Janks, Administrative Assistant Carol Pyykkonen, and Human Resource Director Joann Coobatis for their contributions and assistance during the preparation of this report. They have our sincere appreciation for assisting in this effort.

Sincerely,

A handwritten signature in black ink that reads "Ron Edwards". The signature is fluid and cursive, with the first name "Ron" and last name "Edwards" clearly distinguishable.

Ron Edwards
Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charter Township of Canton,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

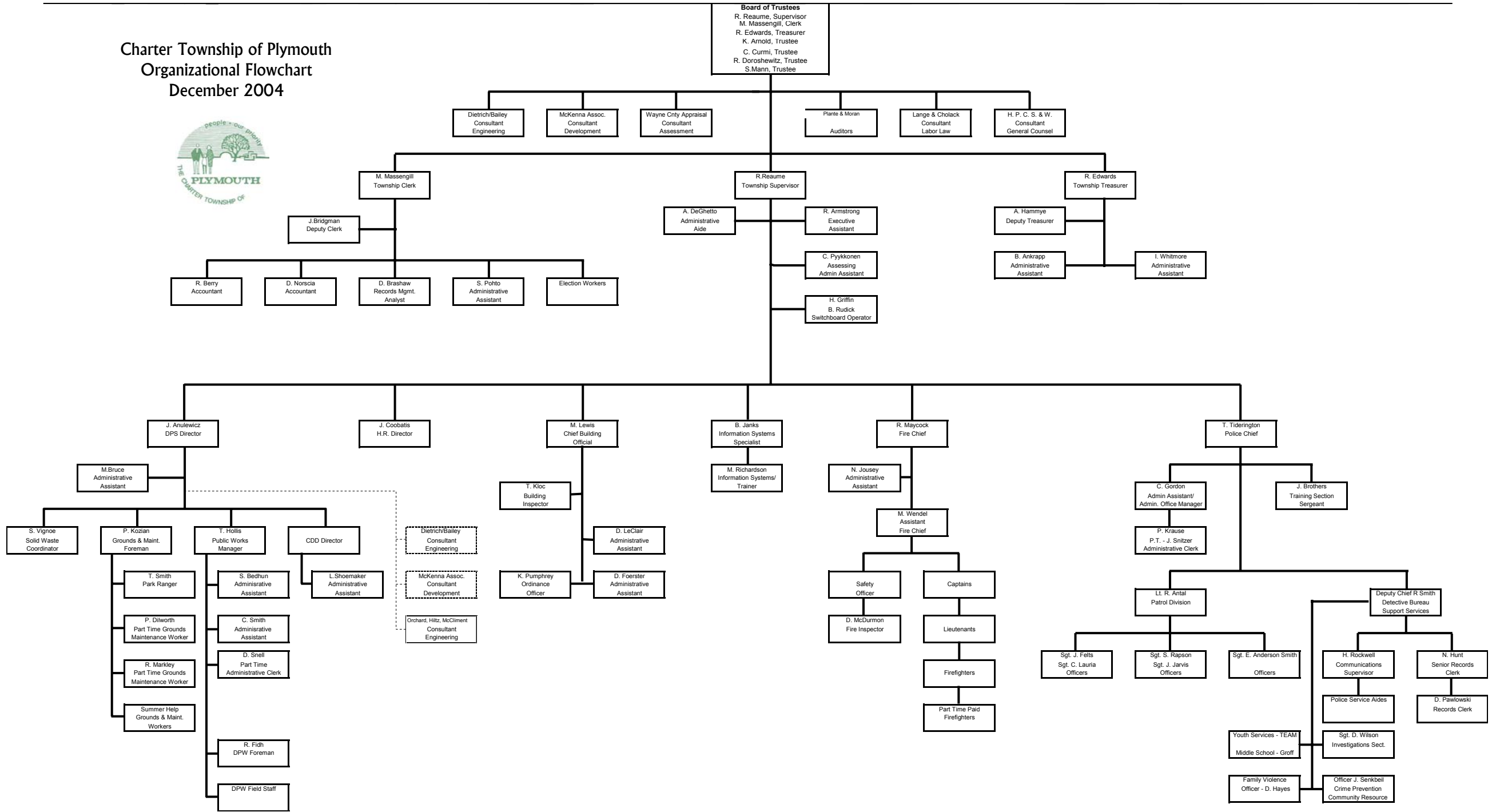
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Charter Township of Plymouth
Organizational Flowchart
December 2004



Charter Township of Plymouth

List of Principal Officials

Supervisor's Office

Supervisor
Human Resource Director

Richard Reaume
Joann Coobatis

Clerk's Office

Clerk
Deputy Clerk

Marilyn Massengill
Joseph Bridgman

Treasurer's Office

Treasurer
Deputy Treasurer

Ron Edwards
Amy Hammye

Building Department

Mark Lewis

Fire Department

Fire Chief
Assistant Fire Chief
Fire Marshal
Emergency Manager

Randolph Maycock
Mark Wendel
Don McDurmon
Don McDurmon

Information Services

Robert Janks

Public Services Division

Director
Department of Public Works and Parks
Solid Waste/Recreation Coordinator

James D. Anulewicz
Tony Hollis
Susan Vignoe

Police Department

Police Chief
Police Deputy Chief

Thomas Tiderington
Robert Smith

Charter Township of Plymouth

Summary of Personnel Positions December 31, 2004

	Full-time	Part-time
Supervisor's Office	3	-
Human Resources	1	-
Information Services	2	2
Assessing	1	-
Clerk's Office	6	1
Treasurer's Office	3	1
Building Department		
Official's Office	3	-
Ordinance/Inspections	1	-
Facility Maintenance	1	-
Department of Public Services		
Director's Office	2	-
Waste Management	1	-
Community Development	1	-
Public Works	10	1
Parks	2	2
Public Safety		
Fire	31	7
Police	46	1
	<hr/>	<hr/>
Total employees	114	15

Charter Township of Plymouth

Labor Agreements December 31, 2004

Bargaining Unit	Expiration Date	Number of Employees
Command Officers Association of Michigan - Sergeants	12/31/05	7
Police Officers Association of Michigan - Represents police officers and dispatchers	12/31/02	32
International Association of Firefighters - Represents firefighters	3/31/2006	28
American Federation of State, County, and Municipal Employees - Represents administrative assistant, facilities maintenance employees, building inspectors, and ordinance officers	12/31/04	31
Teamsters - Represents public works employees	12/31/06	6
Total		104

Charter Township of Plymouth

Fund Organization Chart December 31, 2004 (Unaudited)

Fund Name	Fund Number
Governmental Funds	
General Fund	101
Special Revenue Funds:	
911 Service	211
Improvement Revolving	246
Drug Forfeiture	265
Proprietary Funds - Enterprise Funds	
Solid Waste Disposal	226
Water and Sewer	592
Special Assessment District	805
Fiduciary Funds - Trust and Agency Funds	
Trust and Agency	701
Tax Collections	703



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
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Independent Auditor's Report

To the Board of Trustees
Charter Township of Plymouth
Wayne County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Plymouth as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Plymouth's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Plymouth as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the General Fund and Improvement Revolving Fund budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

A member of



A worldwide association of independent accounting firms

To the Board of Trustees
Charter Township of Plymouth
Wayne County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Plymouth's basic financial statements. The accompanying introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining balance sheets and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, Drug Forfeiture Fund budgetary comparison schedule, and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

April 22, 2005

Charter Township of Plymouth

Management's Discussion and Analysis

The Charter Township of Plymouth's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Township's financial activity, (3) identify changes in the Township's financial position, (4) identify any material deviations from the approved budget, and (5) identify individual fund issues or concerns.

The management's discussion and analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. Please read it in conjunction with the transmittal letter and the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2004:

- Property taxes, our largest revenue source, increased by approximately \$82,000 this year. The slight increase is due to the rate of inflation factor under state law. The continuation of commercial properties disputing their taxable values and having them reduced has affected property tax revenue.
- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$121,000 this year. The cumulative effect since 2002 is approximately \$2,000,000 in lost revenue.
- Contributions from the City of Plymouth for fire and dispatch services were increased by \$12,597 this year. This represents an increase of approximately 1.1 percent from 2003.
- Fines and forfeits - District Court revenue was reduced by \$89,101. This is attributed to an additional full-time judge in 2003. The cumulative effect since 2002 is approximately \$174,000. This is attributed to an additional full-time judge for the 35th District Court.
- Total General Fund expenditures and financing sources increased by just \$2,035,233. The transfer of approximately \$1,586,000 to purchase the land for the new Town hall facilities was the major contributor to the increase.
- Water and sewer operating income is \$91,167. The Township will not seek a rate increase for the upcoming year due to the positive results achieved. The Township will have to adjust connection fees due to infrastructure costs.
- Total net assets related to the Township's governmental activities decreased by approximately \$1,340,000. For the most part, this was a result of the revenue decreases described above and increased expenses including depreciation on general fixed assets, which is not a cash outlay and was funded by our taxpayers at the time of purchase, rather than as the assets are being used.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

- The Township received a credit rating of AA from Standards and Poor's. This was the first time that Standard and Poor's issued a rating for the Township.
- The Township received a Certificate of Achievement for Excellence in Financial Reporting for their 2003 Comprehensive Annual Financial Report. This is the highest achievement a governmental unit is awarded.

Township Highlights

- The Township retained Johnson Controls headquarters which were planned to be moved to Salem Township.
- The Township opened Lake Pointe Soccer Park on June 8, 2004.
- The Township continued to expand Friendship Station Senior Center. Expansion of the facility was approved in 2004 and completion is expected by July 2005. Community Block Grant funds are being utilized for the expansion.
- The Township continued construction of sidewalks in the community to connect neighborhoods. The sidewalks have proven to be a valuable addition to the community, allowing residents and visitors to move around the Township safely.
- The DDA improvements on Ann Arbor Road from Eckles to just west of Haggerty started in the fall and should be completed by summer 2005. The improvements, with an approximate cost of \$1,500,000, are being funded by a grant and DDA tax capture.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets (deficit) and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

Governmental Activities

The following tables show, in a condensed format, the current year's net assets and changes in net assets, compared to the prior year (in thousands of dollars):

	2003	2004	Change from Prior Year	
			in Dollars	Percent
Assets				
Current assets	\$ 14,579,000	\$ 18,563,000	\$ 3,984,000	27
Noncurrent assets	10,494,000	12,383,000	1,889,000	18
Total assets	25,073,000	30,946,000	5,873,000	23
Liabilities				
Current liabilities	7,409,000	8,700,000	1,291,000	17
Long-term liabilities	1,973,000	7,896,000	5,923,000	300
Total liabilities	9,382,000	16,596,000	7,214,000	77
Net Assets				
Invested in capital assets -				
Net of related debt	8,379,000	8,342,000	(37,000)	-
Restricted	51,000	49,000	(2,000)	(4)
Unrestricted	7,261,000	5,959,000	(1,302,000)	(18)
Total net assets	<u>\$ 15,691,000</u>	<u>\$ 14,350,000</u>	<u>\$ (1,341,000)</u>	(9)

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

	2003	2004	Change from Prior Year	
			in Dollars	Percent
Revenue				
Program revenue:				
Charges for services	\$ 2,681,000	\$ 2,864,000	\$ 183,000	7
Operating grants and contributions	425,000	316,000	(109,000)	(26)
Capital grants and contributions	22,000	66,000	44,000	200
General revenue:				
Property taxes	5,560,000	5,642,000	82,000	1
State-shared revenues	2,170,000	2,049,000	(121,000)	(6)
Investment earnings	309,000	278,000	(31,000)	(10)
Cable franchise fees	284,000	295,000	11,000	4
Golf course fees	350,000	350,000	-	-
Total revenue	11,801,000	11,860,000	59,000	-
Program Expenses				
General government	2,114,000	2,438,000	324,000	15
Public safety	7,853,000	8,335,000	482,000	6
Building inspections	610,000	617,000	7,000	1
Planning and zoning	493,000	455,000	(38,000)	(8)
Public works	676,000	665,000	(11,000)	(2)
Community services	164,000	84,000	(80,000)	(49)
Parks	335,000	401,000	66,000	20
Interest on long-term debt	46,000	205,000	159,000	346
Total program expenses	12,291,000	13,200,000	909,000	7
Change in Net Assets	\$ (490,000)	\$ (1,340,000)	\$ (850,000)	

The Township's total governmental revenues increased by approximately \$59,000. The slight increase is attributable to charges for services.

Expenses increased by 7.4 percent during the year, which is approximately \$909,000. Increases in health care and wages were attributable to the increase.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund, Solid Waste Disposal Fund, and Special Assessment Fund. We provide water to residents from the Detroit Water System. We provide sewage treatment through the Western Townships Utilities Authority, which collects sewage, equalizes it, and sends it to both the Detroit sewage treatment plant and the Ypsilanti Community Utilities Authority sewage treatment plant. The Special Assessment Fund was created to account for revenues and expenses for certain special assessments (road pavings and sidewalk repairs) requiring separate accounting and financing.

The following tables show, in a condensed format, the current year's net assets and changes in net assets, compared to the prior year (in thousands of dollars):

	2003	2004	Change from Prior Year	
			in Dollars	Percent
Assets				
Current assets	\$ 13,896,000	\$ 15,396,000	\$ 1,500,000	11
Investment in joint venture	38,512,000	38,763,000	251,000	1
Capital assets	<u>33,834,000</u>	<u>33,297,000</u>	<u>(537,000)</u>	(2)
Total assets	86,242,000	87,456,000	1,214,000	1
Liabilities				
Current liabilities	1,189,000	2,512,000	1,323,000	111
Long-term liabilities	<u>35,203,000</u>	<u>33,981,000</u>	<u>(1,222,000)</u>	(3)
Total liabilities	<u>36,392,000</u>	<u>36,493,000</u>	<u>101,000</u>	-
Net Assets				
Invested in capital assets -				
Net of related debt	33,834,000	33,297,000	(537,000)	(2)
Unrestricted	<u>16,016,000</u>	<u>17,666,000</u>	<u>1,650,000</u>	10
Total net assets	<u>\$ 49,850,000</u>	<u>\$ 50,963,000</u>	<u>\$ 1,113,000</u>	2

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

	2003	2004	Change from Prior Year	
			in Dollars	Percent
Operating revenues:				
Water and sewer	\$ 7,490,000	\$ 7,409,000	\$ (81,000)	(1)
Rubbish	1,004,000	1,104,000	100,000	10
Special assessments	-	368,000	368,000	
Operating expenses:				
Water and sewer	7,404,000	7,319,000	(85,000)	(1)
Rubbish	1,136,000	1,169,000	33,000	3
Special assessments	-	358,000	358,000	
Operating income	(46,000)	35,000	81,000	
Meter charges	1,234,000	1,250,000	16,000	1
Investment income	161,000	240,000	79,000	49
Interest expense	(1,764,000)	(1,907,000)	(143,000)	8
Benefit fees	717,000	1,033,000	316,000	44
Lines constructed by developers	640,000	462,000	(178,000)	(28)
Change in Net Assets	\$ 942,000	\$ 1,113,000	\$ 171,000	18

In 2004, water used per customer was approximately the same as the prior year, resulting in a slight decrease in revenue due to 2003 rate reduction. However, the Township's operating expenses continued to be consistent with the prior year. As a result, the Water and Sewer Fund reported operating income of approximately \$91,000.

The Township's Funds

Our analysis of the Township's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2004 include the General Fund, the Improvement Revolving Fund, the Water and Sewer Fund, and the Solid Waste Fund.

Governmental Funds

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. The most significant change was an increase in operating transfers of approximately \$1,586,000 to purchase land. Township departments overall stayed below budget, resulting in total expenditures of \$14,159,992, which was \$428,606 below budget.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

Improvement Revolving Highlights

The deficit in the Improvement Revolving Fund was eliminated during the year. The Township amended the budget during the year due to construction of the Township Hall facilities.

Business-type Funds

Water and Sewer Fund

The Water and Sewer Fund experienced a \$1,168,785 increase in net assets. The increase is primarily due to (1) capital contributions and (2) effective maintenance programs established by the Township.

Capital Asset and Debt Administration

Capital Assets

As of the year end, the Township had approximately \$44,895,000 invested in a variety of capital assets, including buildings, fire and police equipment, and water and sewer lines. This represents a net increase (additions less retirements and depreciation) of \$1,352,630, with the major addition being the purchase of property for the new Township Hall. Roads within the Township are accounted for and maintained by the County of Wayne. A summary of capital assets is presented on pages 34-36 (Note 5 of the notes to financial statements).

Debt Outstanding

As of year end, the Township had \$42,479,794 in debt outstanding compared to \$36,969,951 last year, which represents an increase of approximately \$5,500,000. The key factor to the increase was due to the Township selling \$6,000,000 of bonds to finance the building of the Township Hall facilities.

A significant portion of the Township's debt (\$35,146,660) is attributable to business-type activities (water and sewer). A summary of debt is presented on pages 37 and 38 (Note 7 of the notes to financial statements).

Economic Factors and Next Year's Budgets and Rates

The State of Michigan relies on various taxes and fees to provide governmental activities to their citizens. Local governments rely primarily on property taxes and state-shared revenues to provide governmental activities to their citizens. For business-type (water and sewer, solid waste disposal) and certain governmental activities (permitting, development), the user pays a related fee or charge associated with the service.

The State of Michigan has made several reductions in state-shared revenues over the past three years. We expect further reductions in state-shared revenue in 2005.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

Contacting the Township's Management

This Township's financial statements are designed to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability. If you have questions about this report or need additional information, we welcome you to contact the Township's Treasurer's office at 42350 Ann Arbor Road, Plymouth, MI 48170.

Charter Township of Plymouth

Statement of Net Assets (Deficit) December 31, 2004

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
Assets				
Cash and investments (Note 3)	\$ 8,333,259	\$ 12,964,700	\$ 21,297,959	\$ 38,760
Receivables - Net:				
2005 property taxes	3,342,367	48,806	3,391,173	222,820
Special assessments	-	1,422,726	1,422,726	-
Accounts	-	2,142,409	2,142,409	995
Other	145,444	55,260	200,704	1,404
Restricted assets (Notes 1 and 3)	4,077,673	-	4,077,673	-
Internal balances	1,290,780	(1,290,780)	-	-
Advances to Downtown Development Authority	615,664	-	615,664	-
Due from other governmental units	758,366	-	758,366	-
Prepaid costs and other assets	-	52,905	52,905	-
Investment in joint venture (Note 1):				
Western Townships Utilities Authority (WTUA)	-	38,762,788	38,762,788	-
35th District Courthouse Authority	786,000	-	786,000	-
Nondepreciable capital assets (Note 5)	4,627,889	650,000	5,277,889	-
Depreciable capital assets - Net (Note 5)	6,969,360	32,647,351	39,616,711	-
Total assets	30,946,802	87,456,165	118,402,967	263,979
Liabilities				
Accounts payable	833,783	1,215,174	2,048,957	126,384
Accrued and other liabilities	885,534	23,693	909,227	-
Unearned revenue (Note 4)	6,211,266	-	6,211,266	218,994
Due to other governmental units	1,404	-	1,404	-
Advances from Plymouth Township	-	-	-	615,664
Compensated absences:				
Due within one year	594,228	44,420	638,648	-
Due in more than one year	737,293	62,948	800,241	-
Long-term debt (Note 7):				
Due within one year	174,106	1,228,737	1,402,843	-
Due in more than one year	7,159,027	33,917,924	41,076,951	-
Total liabilities	16,596,641	36,492,896	53,089,537	961,042
Net Assets (Deficit)				
Invested in capital assets - Net of related debt	8,341,789	33,297,351	41,639,140	-
Restricted for drug enforcement	48,879	-	48,879	-
Unrestricted	5,959,493	17,665,918	23,625,411	(697,063)
Total net assets (deficit)	\$ 14,350,161	\$ 50,963,269	\$ 65,313,430	\$ (697,063)

Charter Township of Plymouth

Functions/Programs	Expenses	Program Revenues		
		Charges for	Operating Grants and Contributions	Capital Grants and Contributions
		Services		
Primary government:				
Governmental activities:				
General government	\$ 2,438,405	\$ 342,997	\$ -	\$ -
Public safety:				
Police	3,922,995	312,721	154,264	-
Fire	3,506,160	988,663	-	-
Dispatching	905,548	382,885	-	-
Building inspections (Note 2)	617,312	673,820	-	-
Planning and zoning	455,081	163,079	-	-
Public works	665,616	-	27,891	65,692
Community services	83,614	-	134,000	-
Parks	400,555	-	-	-
Interest on long-term debt	205,024	-	-	-
Total governmental activities	13,200,310	2,864,165	316,155	65,692
Business-type activities:				
Water and sewer	9,130,264	10,154,250	-	-
Special assessments	453,496	367,965	-	-
Rubbish disposal	1,168,794	1,103,581	-	-
Total business-type activities	10,752,554	11,625,796	-	-
Total primary government	<u>\$ 23,952,864</u>	<u>\$ 14,489,961</u>	<u>\$ 316,155</u>	<u>\$ 65,692</u>
Component units:				
Downtown Development Authority	\$ 750,550	\$ -	\$ -	\$ -
Economic Development Corporation	-	-	-	-
Brownfield Redevelopment Authority	287,001	-	-	-
Total component units	<u>\$ 1,037,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State-shared revenues				
Investment earnings				
Cable franchise fees				
Golf course fees				
Total general revenues				
Change in Net Assets				
Net Assets (Deficit) - Beginning of year				
Net Assets (Deficit) - End of year				

Statement of Activities
Year Ended December 31, 2004

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,095,408)	\$ -	\$ (2,095,408)	\$ -
(3,456,010)	-	(3,456,010)	-
(2,517,497)	-	(2,517,497)	-
(522,663)	-	(522,663)	-
56,508	-	56,508	-
(292,002)	-	(292,002)	-
(572,033)	-	(572,033)	-
50,386	-	50,386	-
(400,555)	-	(400,555)	-
(205,024)	-	(205,024)	-
(9,954,298)	-	(9,954,298)	-
-	1,023,986	1,023,986	-
-	(85,531)	(85,531)	-
-	(65,213)	(65,213)	-
-	873,242	873,242	-
(9,954,298)	873,242	(9,081,056)	-
-	-	-	(750,550)
-	-	-	-
-	-	-	(287,001)
-	-	-	(1,037,551)
5,641,737	-	5,641,737	358,911
2,048,750	-	2,048,750	-
278,354	239,856	518,210	271
295,341	-	295,341	-
350,000	-	350,000	-
8,614,182	239,856	8,854,038	359,182
(1,340,116)	1,113,098	(227,018)	(678,369)
15,690,277	49,850,171	65,540,448	(18,694)
\$ 14,350,161	\$ 50,963,269	\$ 65,313,430	\$ (697,063)

Charter Township of Plymouth

Governmental Funds Balance Sheet December 31, 2004

	General Fund	Improvement Revolving Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments (Note 3)	\$ 6,683,353	\$ 1,599,564	\$ 50,342	\$ 8,333,259
Receivables - Net:				
2005 property taxes	3,342,367	-	-	3,342,367
Other	114,375	-	31,069	145,444
Restricted assets - Unspent bond proceeds	-	4,077,673	-	4,077,673
Due from other funds (Note 6)	556,467	1,355,235	-	1,911,702
Advances to Downtown Development Authority	615,664	-	-	615,664
Due from other governmental units	758,366	-	-	758,366
Total assets	<u>\$ 12,070,592</u>	<u>\$ 7,032,472</u>	<u>\$ 81,411</u>	<u>\$ 19,184,475</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 571,351	\$ 262,432	\$ -	\$ 833,783
Accrued and other liabilities	762,658	-	-	762,658
Due to other funds (Note 6)	64,455	555,004	1,463	620,922
Deferred revenue (Note 4)	6,510,373	-	31,069	6,541,442
Due to other governmental units	1,404	-	-	1,404
Total liabilities	7,910,241	817,436	32,532	8,760,209
Fund Balances				
Reserved for Town Hall construction	-	4,077,673	-	4,077,673
Reserved for Downtown Development Authority improvements	494,894	-	-	494,894
Unreserved, reported in:				
General Fund	3,665,457	-	-	3,665,457
Special Revenue Funds	-	2,137,363	48,879	2,186,242
Total fund balances	<u>4,160,351</u>	<u>6,215,036</u>	<u>48,879</u>	<u>10,424,266</u>
Total liabilities and fund balances	<u>\$ 12,070,592</u>	<u>\$ 7,032,472</u>	<u>\$ 81,411</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	11,597,249
Grants and other revenues not received within 60 days of year end are not available currently and are not reported in the funds	330,176
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(7,333,133)
Interest amounts on long-term liabilities are not due and payable in the current period and are not reported in the funds	(2,876)
Compensated absences are not due and payable in the current period and are not recorded in the funds	(1,331,521)
Investment in joint venture is not a financial resource and is not reported in the funds	786,000
Self-insurance liabilities are not due and payable in the current period and are not reported in the funds	(120,000)
Net assets of governmental activities	<u>\$ 14,350,161</u>

Charter Township of Plymouth

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Year Ended December 31, 2004

	General Fund	Improvement Revolving Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 5,641,737	\$ -	\$ -	\$ 5,641,737
Licenses and permits	818,361	-	-	818,361
Federal grants	211,179	65,693	-	276,872
State-shared revenues	2,048,750	-	-	2,048,750
City of Plymouth contribution	1,116,037	-	-	1,116,037
District Court fines	104,108	-	-	104,108
Interest and rents	487,076	136,681	602	624,359
Intragovernmental service charge	478,545	-	-	478,545
Transfer of special assessments	-	1,251,193	-	1,251,193
Other	1,040,421	-	138,291	1,178,712
Total revenue	11,946,214	1,453,567	138,893	13,538,674
Expenditures				
Current:				
General government	2,914,831	-	-	2,914,831
Public safety	7,872,429	-	128,579	8,001,008
Planning and building	1,016,087	-	-	1,016,087
Community social services	225,623	-	-	225,623
Parks	287,328	-	-	287,328
Capital outlay	-	2,639,445	12,558	2,652,003
Debt service	106,693	265,237	-	371,930
Total expenditures	12,422,991	2,904,682	141,137	15,468,810
Excess of Expenditures Over Revenue	(476,777)	(1,451,115)	(2,244)	(1,930,136)
Other Financing Sources (Uses)				
Transfers in (Note 6)	-	1,737,001	-	1,737,001
Transfers out (Note 6)	(1,737,001)	-	-	(1,737,001)
Issuance of debt	-	6,000,000	-	6,000,000
Total other financing sources (uses)	(1,737,001)	7,737,001	-	6,000,000
Net Change in Fund Balances	(2,213,778)	6,285,886	(2,244)	4,069,864
Fund Balances (Deficit) - Beginning of year	6,374,129	(70,850)	51,123	6,354,402
Fund Balances - End of year	<u>\$ 4,160,351</u>	<u>\$ 6,215,036</u>	<u>\$ 48,879</u>	<u>\$ 10,424,266</u>

Charter Township of Plymouth

Governmental Funds **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances (Deficit) of Governmental Funds** **to the Statement of Activities** **Year Ended December 31, 2004**

Net Change in Fund Balances - Total Governmental Funds **\$ 4,069,864**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay expenditures	2,649,778
Depreciation expense	(733,461)

In the statement of activities, the loss on sale of assets is recorded; in the funds, the proceeds from sale of assets are reported	(26,805)
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Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds (GASB No. 33)	60,502
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	166,146
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New bond financing is not reported as financing sources on the statement of activities	(6,000,000)
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Transfer of special assessments to the Special Assessment Enterprise Fund is not a revenue on the statement of activities	(1,251,193)
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Accrued interest payable is recorded when due in governmental funds	760
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Accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities	(275,707)
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Change in Net Assets of Governmental Activities **\$ (1,340,116)**

Charter Township of Plymouth

Proprietary Funds Statement of Net Assets (Deficit) December 31, 2004

	Water and Sewer Fund	Solid Waste Disposal Fund	Nonmajor Special Assessment District Fund	Total Proprietary Funds
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 12,888,801	\$ -	\$ 75,899	\$ 12,964,700
Receivables - Net	1,950,383	296,092	1,422,726	3,669,201
Due from other funds (Note 6)	38,871	25,666	-	64,537
Prepaid costs, inventory, and other assets	52,905	-	-	52,905
Total current assets	14,930,960	321,758	1,498,625	16,751,343
Noncurrent assets:				
Investment in WTUA (Note 1)	38,762,788	-	-	38,762,788
Nondepreciable capital assets (Note 5)	650,000	-	-	650,000
Depreciable capital assets - Net (Note 5)	32,647,351	-	-	32,647,351
Total noncurrent assets	72,060,139	-	-	72,060,139
Total assets	86,991,099	321,758	1,498,625	88,811,482
Liabilities				
Current liabilities:				
Accounts payable	716,575	364,735	133,864	1,215,174
Accrued and other liabilities	21,678	2,015	-	23,693
Due to other funds	-	82	1,355,235	1,355,317
Current portion of compensated absences	42,023	2,397	-	44,420
Current portion of long-term debt	1,228,737	-	-	1,228,737
Total current liabilities	2,009,013	369,229	1,489,099	3,867,341
Noncurrent liabilities:				
Compensated absences - Net of current portion	60,342	2,606	-	62,948
Long-term debt - Net of current portion	33,917,924	-	-	33,917,924
Total noncurrent liabilities	33,978,266	2,606	-	33,980,872
Total liabilities	35,987,279	371,835	1,489,099	37,848,213
Net Assets (Deficit)				
Investment in capital assets - Net of related debt	33,297,351	-	-	33,297,351
Unrestricted	17,706,469	(50,077)	9,526	17,665,918
Total net assets (deficit)	<u>\$ 51,003,820</u>	<u>\$ (50,077)</u>	<u>\$ 9,526</u>	<u>\$ 50,963,269</u>

Charter Township of Plymouth

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Assets (Deficit)

Year Ended December 31, 2004

	Water and Sewer Fund	Solid Waste Disposal Fund	Nonmajor Special Assessment District Fund	Total Proprietary Funds
Operating Revenue				
Sale of water	\$ 3,203,302	\$ -	\$ -	\$ 3,203,302
Sewage disposal charges	3,938,611	-	-	3,938,611
Solid waste charges	-	1,103,581	-	1,103,581
Special assessment charges	-	-	367,965	367,965
Installation charges	53,906	-	-	53,906
Intragovernmental services	85,476	-	-	85,476
Other miscellaneous revenue	127,502	-	-	127,502
Total operating revenue	7,408,797	1,103,581	367,965	8,880,343
Operating Expenses				
Cost of water	1,874,277	-	-	1,874,277
Cost of sewage disposal	2,251,559	-	-	2,251,559
Solid waste disposal	-	1,092,755	-	1,092,755
Salaries and fringe benefits	644,685	70,788	-	715,473
Special assessment project costs	-	-	358,437	358,437
Intragovernmental services charges	478,545	-	-	478,545
Depreciation	1,094,579	-	-	1,094,579
Professional services	5,520	-	-	5,520
Repair and maintenance	506,423	-	-	506,423
Administrative expenses	142,751	-	-	142,751
Miscellaneous	319,291	5,251	-	324,542
Total operating expenses	7,317,630	1,168,794	358,437	8,844,861
Operating Income (Loss)	91,167	(65,213)	9,528	35,482
Nonoperating Revenue (Expenses)				
Meter charges	1,250,157	-	-	1,250,157
Investment income	144,799	-	95,057	239,856
Interest expense	(1,812,419)	-	(95,059)	(1,907,478)
Income (Loss) - Before contributions	(326,296)	(65,213)	9,526	(381,983)
Capital Contributions				
Benefit fees	1,033,422	-	-	1,033,422
Lines constructed by developers	461,659	-	-	461,659
Total capital contributions	1,495,081	-	-	1,495,081
Change in Net Assets	1,168,785	(65,213)	9,526	1,113,098
Net Assets - Beginning of year	49,835,035	15,136	-	49,850,171
Net Assets (Deficit) - End of year	<u>\$ 51,003,820</u>	<u>\$ (50,077)</u>	<u>\$ 9,526</u>	<u>\$ 50,963,269</u>

Charter Township of Plymouth

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2004

	Water and Sewer Fund	Solid Waste Disposal Fund	Nonmajor Special Assessment District Fund	Total Proprietary Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 7,093,001	\$ 1,061,780	\$ 368,033	\$ 8,522,814
Payments to suppliers	(5,424,817)	(983,711)	(224,573)	(6,633,101)
Payments to employees	(631,452)	(69,350)	-	(700,802)
Internal activity - Payments from (to) other funds	29,092	(8,719)	(67,559)	(47,186)
Other receipts	<u>212,978</u>	<u>-</u>	<u>-</u>	<u>212,978</u>
Net cash provided by operating activities	1,278,802	-	75,901	1,354,703
Cash Flows from Capital and Related Financing Activities				
Meter charges	1,250,157	-	-	1,250,157
New customer benefit charges	1,033,422	-	-	1,033,422
Purchase of capital assets	(346,797)	-	-	(346,797)
Principal and interest paid on capital debt	<u>(2,136,430)</u>	<u>-</u>	<u>(95,059)</u>	<u>(2,231,489)</u>
Net cash used in capital and related financing activities	(199,648)	-	(95,059)	(294,707)
Cash Flows from Investing Activities - Interest received on investments	<u>144,799</u>	<u>-</u>	<u>95,057</u>	<u>239,856</u>
Net Increase in Cash and Cash Equivalents	1,223,953	-	75,899	1,299,852
Cash and Cash Equivalents - Beginning of year	<u>11,664,848</u>	<u>-</u>	<u>-</u>	<u>11,664,848</u>
Cash and Cash Equivalents - End of year	<u>\$ 12,888,801</u>	<u>\$ -</u>	<u>\$ 75,899</u>	<u>\$ 12,964,700</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 91,167	\$ (65,213)	\$ 9,528	\$ 35,482
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	1,094,579	-	-	1,094,579
Changes in assets and liabilities:				
Receivables	(102,818)	(41,801)	68	(144,551)
Due from other funds	29,092	(8,801)	-	20,291
Prepays, inventory, and other assets	(8,755)	-	-	(8,755)
Accounts payable	162,304	114,295	133,864	410,463
Accrued and other liabilities	13,233	1,438	-	14,671
Due to other funds	<u>-</u>	<u>82</u>	<u>(67,559)</u>	<u>(67,477)</u>
Net cash provided by operating activities	<u>\$ 1,278,802</u>	<u>\$ -</u>	<u>\$ 75,901</u>	<u>\$ 1,354,703</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2004, the Water and Sewer Fund received \$461,659 of lines donated by developers.

Charter Township of Plymouth

Fiduciary Funds Statement of Assets and Liabilities December 31, 2004

	<u>Agency Funds</u>
Assets - Cash and cash equivalents (Note 3)	<u>\$ 6,549,211</u>
Liabilities	
Due to other governmental units	\$ 5,986,864
Deposits for developers and refundables	198,512
Deposits for building bonds	<u>363,835</u>
 Total liabilities	 <u>\$ 6,549,211</u>

Charter Township of Plymouth

Component Units Statement of Net Assets (Deficit) December 31, 2004

	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Totals
Assets				
Cash and investments (Note 3)	\$ -	\$ 16,161	\$ 22,599	\$ 38,760
Property tax receivable	120,770	-	102,050	222,820
Accounts receivable	-	995	-	995
Due from other governmental units	-	-	1,404	1,404
Total assets	120,770	17,156	126,053	263,979
Liabilities				
Accounts payable	121,822	-	4,562	126,384
Unearned revenue	120,770	-	98,224	218,994
Advances from Plymouth Township	615,664	-	-	615,664
Total liabilities	858,256	-	102,786	961,042
Net Assets (Deficit) - Unrestricted	\$ (737,486)	\$ 17,156	\$ 23,267	\$ (697,063)

Charter Township of Plymouth

Component Units Statement of Activities Year Ended December 31, 2004

		Net (Expense) Revenue and Changes in Net Assets			Total
		Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	
	Expenses				
Downtown Development Authority -					
Public works	\$ 750,550	\$ (750,550)	\$ -	\$ -	\$ (750,550)
Economic Development Corporation -					
Public works	-	-	-	-	-
Brownfield Redevelopment Authority -					
Environmental remediation	287,001	-	-	(287,001)	(287,001)
Total governmental activities	<u>\$ 1,037,551</u>	(750,550)	-	(287,001)	(1,037,551)
General Revenues					
Property tax capture		69,162	-	289,749	358,911
Interest		-	70	201	271
Total general revenues		<u>69,162</u>	<u>70</u>	<u>289,950</u>	<u>359,182</u>
Change in Net Assets (Deficit)		(681,388)	70	2,949	(678,369)
Net Assets (Deficit) - Beginning of year		<u>(56,098)</u>	<u>17,086</u>	<u>20,318</u>	<u>(18,694)</u>
Net Assets (Deficit) - End of year		<u>\$ (737,486)</u>	<u>\$ 17,156</u>	<u>\$ 23,267</u>	<u>\$ (697,063)</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Plymouth (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Plymouth:

Reporting Entity

The Charter Township of Plymouth is governed by an elected seven-member Board of Trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Blended Component Units - The Township Building Authority is governed by a board that is appointed by the Township. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the Township's public buildings. To date, the Authority has constructed a fire station. It holds no assets; the debt activity has been blended into the General Fund.

Discretely Presented Component Units - The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, to eliminate blighting influences and brownfield impacts, and to promote the overall image of the downtown district. The Township Board of Trustees appoints the Authority's governing body, and has the ability to impose its will. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. The Authority does not publish a separately issued financial statement. The Authority can be contacted at its administrative offices as follows:

Downtown Development Authority
42350 Ann Arbor Road
Plymouth, MI 48170

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township, primarily through loans to eligible businesses. The Township Board of Trustees appoints the Corporation's governing body, and has the ability to impose its will. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. The Corporation does not publish a separately issued financial statement. The Corporation can be contacted at its administrative offices as follows:

Economic Development Corporation
42350 Ann Arbor Road
Plymouth, MI 48170

The Brownfield Redevelopment Authority was created to finance environmental cleanup within the boundaries of the Township. The Township Board of Trustees appoints the Authority's governing body, and has the ability to impose its will. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. The Authority does not publish a separately issued financial statement. The Authority can be contacted at its administrative offices as follows:

Brownfield Redevelopment Authority
42350 Ann Arbor Road
Plymouth, MI 48170

Jointly Governed Organizations - The Township is a member of the Western Townships Utilities Authority, which provides sewage disposal services to the Townships of Canton, Northville, and Plymouth. The participating communities provide annual funding for its operations through payment of monthly sewer use invoices and semi-annual debt payments. During the current year, the Township paid the Authority approximately \$1,980,000 for its operations, \$2,136,000 for its debt, and \$77,000 for capital project costs. The Authority has currently been funded with \$200,000 of working capital and is current in its debt payments. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments. Complete financial statements for the Authority can be obtained from the administrative offices at 40905 Joy Road, Canton, MI 48187.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

The Township is a member of the 35th District Court System, which provides judicial services to the Township and several other surrounding communities. The Township appoints one member to the joint venture's board, which then approves the annual budget. The Township and the other member communities have agreed to become guarantors of bonds issued by the District Court Building Authority during 1999. The Township's portion of the guaranteed debt is less than \$1,000,000. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments. Complete financial statements for the 35th District Court can be obtained from the administrative office at 660 Plymouth Rd., Plymouth, MI 48170.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Improvement Revolving Fund - The Improvement Revolving Fund was established to account for revenues and expenditures for certain capital improvements requiring separate accounting and financing. Special assessments are being accounted for in a new fund for all projects started as of January 1, 2004.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

The Township reports the following major proprietary funds:

Water and Sewer Fund - The Water and Sewer Fund is used to account for the results of operations for providing water and sewer service to the citizens and businesses of the Township. The fund's primary revenues are generated through user charges from those requesting water and sewer services.

Solid Waste Disposal Fund - The Solid Waste Disposal Fund is used to account for the results of operations for providing solid waste services (trash pickup and household hazardous waste disposal) to citizens of the Township. The revenues are generated through a user charge to citizens requesting solid waste services.

Additionally, the Township reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

Agency Funds - The Agency Funds account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, capital outlay for special assessments, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time they are added to the county tax rolls.

The Township's 2003 tax is levied and collectible on December 1, 2003, and is recognized as revenue in the year ended December 31, 2004, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2003 taxable valuation of the Township totaled approximately \$1,752,000,000 (a portion of which is captured by the DDA and BRDA), on which taxes levied consisted of .8173 mills for operating purposes, .8173 mills for fire services, and 1.6348 mills for police and fire services. This resulted in \$1,430,000 for operating, \$1,430,000 for fire services, and \$2,859,000 for police and fire services. These amounts are recognized in the General Fund financial statements as tax revenue (net of reductions for delinquent amounts and prior year tax tribunal changes).

Golf Course Fees

The Township has a golf course that is run by a management company. The operator of the golf course pays a rental fee to the Township. There are no program costs associated with the golf course fees for the Township, thus the fees have been classified as program revenue on the statement of activities.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Restricted Assets - The unspent portion of the Township's 2004 bond issuance has been classified as restricted.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Water and sewer transportation lines	50 years
Buildings and improvements	30 to 40 years
Meters and supplies	15 years
Furnishings, vehicles, and equipment	2 to 15 years

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Fund Deficits - For the year ended December 31, 2004, the Township has an accumulated fund deficit in the Solid Waste Disposal Fund, which will be eliminated during 2005 as rates were raised near the end of 2004. The Downtown Development Authority also has an accumulated fund deficit, which will be eliminated with the collection of future property tax captures.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at December 31, 2003	\$	(12,613)
Current year building permit revenue	\$	673,820
Related expenses (modified accrual basis):		
Direct costs		631,973
Estimated indirect costs		<u>404,609</u>
Total construction code expenses		<u>1,036,582</u>
Current year shortfall		<u>(362,762)</u>
Cumulative shortfall at December 31, 2004	\$	<u>(375,375)</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the highest classification, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds and investment pools composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

The Township has designated seven banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment of funds as listed above. The Charter Township of Plymouth's deposits and investment policies are in accordance with statutory authority.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Business- type Activities	Total Primary Government	Component Units
Cash and investments	\$ 8,333,259	\$ 6,549,211	\$ 12,964,700	\$ 27,847,170	\$ 38,760
Restricted assets	4,077,673	-	-	4,077,673	-
Total	<u>\$ 12,410,932</u>	<u>\$ 6,549,211</u>	<u>\$ 12,964,700</u>	<u>\$ 31,924,843</u>	<u>\$ 38,760</u>

The breakdown between deposits and investments for the Township is as follows:

	Primary Government	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 24,600,113	\$ 38,760
Investments in bank investment pools	7,324,430	-
Petty cash or cash on hand	300	-
Total	<u>\$ 31,924,843</u>	<u>\$ 38,760</u>

Deposits

The bank balance of the Township's deposits is \$30,627,175, of which \$600,000 is covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The component units' deposits had a bank balance of \$38,760, of which the entire amount was covered by federal depository insurance.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

Investments

The Township's investments during the year consisted solely of bank investment pools. Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, these funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The Township believes that the investments in these funds comply with the investment authority noted above. The bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool shares.

Note 4 - Deferred Revenue

The Township records unearned revenue for property taxes billed as of December 1 that are to be used in the next year's budget. The Township also records unearned revenue in connection with resources that have been received but not yet earned. In addition, governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes billed for next year's budget	\$ -	\$ 6,011,766
Permit revenue	-	199,500
Grant reimbursement	180,000	-
Other	<u>150,176</u>	<u>-</u>
Total	<u>\$ 330,176</u>	<u>\$ 6,211,266</u>

The Brownfield Redevelopment Authority and the Downtown Development Authority record unearned revenue for property taxes billed as of December 1 that are to be used in the next year's budget. Unearned revenue recorded for the component units as of December 31, 2004 is \$218,994.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2004	Additions	Disposals and Adjustments	Balance December 31, 2004
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,513,760	\$ 1,585,616	\$ -	\$ 4,099,376
Construction in progress	1,432,151	528,513	1,432,151	528,513
Subtotal	3,945,911	2,114,129	1,432,151	4,627,889
Capital assets being depreciated:				
Buildings and improvements	5,598,448	1,432,151	-	7,030,599
Furnishings, vehicles, and equipment	7,548,855	534,109	376,372	7,706,592
Subtotal	13,147,303	1,966,260	376,372	14,737,191
Accumulated depreciation:				
Buildings and improvements	3,363,946	105,767	-	3,469,713
Furnishings, vehicles, and equipment	4,021,531	627,694	351,107	4,298,118
Subtotal	7,385,477	733,461	351,107	7,767,831
Net capital assets being depreciated	5,761,826	1,232,799	25,265	6,969,360
Total capital assets - Net of depreciation	<u>\$ 9,707,737</u>	<u>\$ 3,346,928</u>	<u>\$ 1,457,416</u>	<u>\$ 11,597,249</u>
Business-type Activities				
Capital assets not being depreciated - Land	\$ 650,000	\$ -	\$ -	\$ 650,000
Capital assets being depreciated:				
Water and sewer transportation lines	46,728,537	461,659	-	47,190,196
Buildings and improvements	1,561,277	-	-	1,561,277
Meters and supplies	1,467,178	34,275	20,816	1,480,637
Equipment and other	774,184	61,763	62,215	773,732
Subtotal	50,531,176	557,697	83,031	51,005,842
Accumulated depreciation:				
Water and sewer transportation lines	15,276,943	940,936	-	16,217,879
Buildings and improvements	523,281	41,878	-	565,159
Meters and supplies	964,340	56,254	20,816	999,778
Equipment and other	582,379	55,511	62,215	575,675
Subtotal	17,346,943	1,094,579	83,031	18,358,491
Net capital assets being depreciated	33,184,233	(536,882)	-	32,647,351
Net capital assets	<u>\$ 33,834,233</u>	<u>\$ (536,882)</u>	<u>\$ -</u>	<u>\$ 33,297,351</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 127,745
Public safety:	
Police	192,566
Fire	226,564
Dispatching	51,281
Building inspections	4,686
Planning and zoning	2,433
Public works	18,458
Parks	<u>109,728</u>

Total governmental activities	<u>\$ 733,461</u>
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Business-type activities - Water and Sewer	<u>\$ 1,094,579</u>
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Construction Commitments - The Township has active construction projects at year end for the architecture and design of the new Town Hall, construction management for the new Town Hall, and Friendship Station improvements. At year end, the Township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Town hall architecture	\$ 237,556	\$ 417,444
Town Hall construction management	-	431,000
Friendship Station improvements	<u>135,325</u>	<u>91,775</u>
Total	<u>\$ 372,881</u>	<u>\$ 940,219</u>

Future Commitments - Pursuant to a positive vote of its residents in 2003, the Township intends to construct a new town hall, fire station, and police station. It is currently expected to cost approximately \$13,111,000. The Township sold bonds in 2004 for \$6,000,000, and intends to finance the remainder through a combination of existing funds (in both the General Fund and Water and Sewer Fund) and sale of the existing property.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 5 - Capital Assets (Continued)

There is a resolution for the Township to fund \$1,021,750 for a grade-separation at a railroad crossing. The remaining funding is being provided by state and federal grants and the City of Plymouth.

Brownfield redevelopment costs of approximately \$471,000 have been incurred by property owners in the Brownfield district. These costs will be paid for through future property tax collections.

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Improvement Revolving Fund	\$ 555,004
	Drug Forfeiture Fund	1,463
Improvement Revolving Fund	Special Assessments Fund	<u>1,355,235</u>
Subtotal - Governmental funds		1,911,702
Water and Sewer Fund	General Fund	38,789
	Solid Waste Disposal Fund	82
Solid Waste Disposal Fund	General Fund	<u>25,666</u>
Subtotal - Proprietary Funds		<u>64,537</u>
Total		<u><u>\$ 1,976,239</u></u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund Transfers

Fund transferred from	Fund transferred to	
General Fund	Improvement Revolving Fund	<u><u>\$ 1,737,001</u></u>

The transfer from the General Fund to the Improvement Revolving Fund represents the annual amount set aside to fund future capital projects (principally fire equipment and the new Town Hall).

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds and installment purchase agreements are direct obligations and pledge the full faith and credit of the Township.

Description	Amount
1993 Building Authority bond originally issued for \$995,000, used to construct the fire station, bearing interest from 5.95% to 6.10%, with principal maturity ranges from \$55,000 to \$95,000, maturing in 2007	\$ 280,000
2003 Installment Purchase agreement originally issued for \$1,173,773, used for Lake Pointe Soccer Park, bearing interest at 3.60%, with principal maturity ranges from \$39,495 to \$116,119, maturing in 2015	1,053,133
2004 General Obligation bond originally issued for \$6,000,000, used to design and construct the new town hall, bearing interest from 3.50% to 4.85%, with principal maturity ranges from \$75,000 to \$500,000, maturing in 2025	6,000,000
Total governmental activities	7,333,133
2001 Contractual Obligation to WTUA to service a portion of its debt related to construction of sewage collection and retention facilities, with an original obligation amount of \$17,448,892, bearing interest from 3.50% to 5.25%, with principal maturity ranges from \$130,682 to \$1,705,482, maturing in 2018	17,025,096
2002 Contractual Obligation to WTUA to service a portion of its debt related to construction of sewage collection and retention facilities, with an original obligation amount of \$18,289,494, bearing interest from 3.00% to 5.00%, with principal maturity ranges from \$167,930 to \$1,611,929, maturing in 2022	18,121,565
Total business-type activities	35,146,661
Total	<u>\$ 42,479,794</u>

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities - General obligations	\$ 1,499,279	\$ 6,000,000	\$ (166,146)	\$ 7,333,133	\$ 174,106
Business-type Activities					
2001 Contractual Obligation	\$ 18,268,950	\$ -	\$ (228,600)	\$ 18,040,350	
Less deferred amount on 2001 refunding	(1,087,772)	-	72,518	(1,015,254)	
2001 Contractual Obligation	17,181,178	-	(156,082)	17,025,096	
2002 Contractual Obligation	18,528,325	-	(180,500)	18,347,825	
Less:					
Unamortized bond issue costs on 2002 issue	(64,267)	-	3,383	(60,884)	
Unamortized discount on 2002 issue	(174,564)	-	9,188	(165,376)	
2002 Contractual Obligation	18,289,494	-	(167,929)	18,121,565	
Total business-type activities	<u>\$ 35,470,672</u>	<u>\$ -</u>	<u>\$ (324,011)</u>	<u>\$ 35,146,661</u>	<u>\$ 1,228,737</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 174,106	\$ 315,480	\$ 489,586	\$ 1,228,737	\$ 1,797,860	\$ 3,026,597
2006	257,175	307,101	564,276	1,472,412	1,735,585	3,207,997
2007	285,356	295,594	580,950	1,472,412	1,660,585	3,132,997
2008	243,653	283,001	526,654	1,779,912	1,580,170	3,360,082
2009	247,070	273,960	521,030	1,792,612	1,484,063	3,276,675
2010-2014	1,666,134	1,205,634	2,871,768	11,328,760	5,881,634	17,210,394
2015-2019	1,759,639	868,582	2,628,221	11,597,028	2,771,253	14,368,281
2020-2024	2,200,000	444,526	2,644,526	4,474,788	471,362	4,946,150
2025	500,000	24,250	524,250	-	-	-
Total	<u>\$ 7,333,133</u>	<u>\$ 4,018,128</u>	<u>\$ 11,351,261</u>	<u>\$ 35,146,661</u>	<u>\$ 17,382,512</u>	<u>\$ 52,529,173</u>

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and employee medical benefit claims, and participates in the Michigan Municipal Risk Management Authority for claims relating to general liability claims.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 8 - Risk Management (Continued)

The Township estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2004	2003
Unpaid claims - Beginning of year	\$ 5,000	\$ 23,723
Incurred claims (including claims incurred but not reported)	115,000	-
Claim payments	-	(18,723)
Unpaid claims - End of year	<u>\$ 120,000</u>	<u>\$ 5,000</u>

The Township is involved in various lawsuits in the ordinary course of business. There is one lawsuit that requests damages of up to \$1,000,000 in damages; however, the Township is covered through the Authority for any claims in excess of \$75,000 per claim. The ultimate outcome of this case is not known and no liability has been booked.

Note 9 - Defined Contribution Pension Plan

The Township provides pension benefits to substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by Township Board resolution, the Township contributes 15 percent of employees' base earnings and certain employees contribute 5 percent of base earnings, with an additional 5 percent allowed.

The Township's total payroll during the current year was \$7,163,864. The current year contribution was calculated based on covered payroll of \$5,810,218, resulting in an employer contribution of \$886,628 (including the amounts paid directly by the City of Plymouth) and employee contributions of \$161,904.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2004

Note 10 - Subsequent Event

Subsequent to year end, the Charter Township of Plymouth - IAFF Pension Trust Fund System was established as a single-employer defined benefit pension plan that is administered by the Charter Township of Plymouth, Michigan; this plan covers substantially all full-time firefighters of the Township. The system provides retirement, disability, death, and health benefits to plan members and their beneficiaries. The actuarial liability of the plan based on the initial actuarial valuation dated February 1, 2005 is \$5,209,358. The valuation of the plan's assets is \$4,593,618.

At February 1, 2005, the date of the most recent actuarial valuation, membership consisted of 26 current active employees. There are no retirees or beneficiaries currently receiving benefits or terminated employees entitled to benefits but not yet receiving them. The plan does not issue a separate financial report.

Note 11 - Other Postemployment Benefits

The Township has elected to provide postemployment health benefits to certain retirees and their beneficiaries. The Township pays a significant portion of the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the Township's group rates. Currently, 18 retirees are eligible for postemployment health benefits. For the fiscal year ended December 31, 2004, the Township made payments for postemployment health benefit premiums of \$140,712. The Township obtains health care coverage through private insurers.

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2007.

Required Supplemental Information

Charter Township of Plymouth

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,760,000	\$ 5,760,000	\$ 5,641,737	\$ (118,263)
State-shared revenue	2,160,000	2,160,000	2,048,750	(111,250)
Licenses and permits	756,000	996,000	818,361	(177,639)
Fines and forfeitures	200,000	300,000	295,341	(4,659)
City of Plymouth fire contribution	892,360	892,360	880,948	(11,412)
City of Plymouth dispatch contribution	218,744	218,744	235,089	16,345
Charges for services	80,000	80,000	48,616	(31,384)
Interest and rents	925,000	825,000	591,184	(233,816)
Federal grants	679,050	510,000	211,179	(298,821)
Miscellaneous	630,000	659,050	696,464	37,414
Intergovernmental service charge	520,000	520,000	478,545	(41,455)
Total revenue	12,821,154	12,921,154	11,946,214	(974,940)
Contribution from fund balance	1,711,501	1,667,444	2,213,778	546,334
Total sources of funds	<u>\$ 14,532,655</u>	<u>\$ 14,588,598</u>	<u>\$ 14,159,992</u>	<u>\$ (428,606)</u>
Expenditures				
General government	\$ 3,203,697	\$ 3,196,952	\$ 2,914,831	\$ 282,121
Public safety	7,911,486	7,930,339	7,872,429	57,910
Building	608,529	650,636	631,973	18,663
Community development	416,732	417,759	384,114	33,645
Park	312,518	313,218	287,328	25,890
Grants	236,000	236,000	225,623	10,377
Debt service	106,692	106,693	106,693	-
Capital improvement	1,737,001	1,737,001	1,737,001	-
Total expenditures	<u>\$ 14,532,655</u>	<u>\$ 14,588,598</u>	<u>\$ 14,159,992</u>	<u>\$ 428,606</u>

Charter Township of Plymouth

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Improvement Revolving Fund Year Ended December 31, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal sources	\$ 70,000	\$ 70,000	\$ 65,693	\$ (4,307)
Interest and rents	100,000	100,000	136,681	36,681
Bond proceeds	6,000,000	6,000,000	6,000,000	-
Transfer of special assessments	-	-	1,251,193	1,251,193
Transfer from other funds	<u>1,750,281</u>	<u>1,750,281</u>	<u>1,737,001</u>	<u>(13,280)</u>
Total revenue	7,920,281	7,920,281	9,190,568	1,270,287
Expenditures				
Capital outlay	2,769,695	2,769,695	2,639,445	130,250
Debt payment	<u>122,000</u>	<u>256,000</u>	<u>265,237</u>	<u>(9,237)</u>
Total expenditures	2,891,695	3,025,695	2,904,682	121,013
Fund Balance (Deficit)				
Beginning of year	<u>546,436</u>	<u>(70,850)</u>	<u>(70,850)</u>	<u>-</u>
End of year	<u>\$ 5,575,022</u>	<u>\$ 4,823,736</u>	<u>\$ 6,215,036</u>	<u>\$ 1,391,300</u>

Charter Township of Plymouth

Note to Required Supplemental Information December 31, 2004

Note - Budgetary Information

The Township adopts a formal budget for the General Fund and all Special Revenue Funds. By August 1 of each year, all department heads submit spending requests to the Township supervisor so that a budget may be prepared. Before September 1, the proposed budget is submitted to the Township Board for review. Public hearings are held, and a final budget is adopted no later than November 1. The Township Board must approve any budget amendments.

Appropriations are adopted by the Township Board on an activity basis, as reported on pages 42 and 43 of these financial statements. Michigan law requires expenditures to be within budget at this level. During the year, the Charter Township of Plymouth incurred expenditures that were in excess of the amounts budgeted, as follows:

	Amended Budget	Actual	Variance
Improvement Revolving Fund - Debt payment	\$ 256,000	\$ 265,237	\$ (9,237)

The unfavorable expenditure variance occurred due to bond issuance costs.

During the current year, the budget was amended in a legally permissible manner. However, the General Fund had expenditures budgeted over revenue. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. The amount of encumbrances outstanding at December 31, 2004 has not been calculated. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures.

Other Supplemental Information

Charter Township of Plymouth

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2004

	Special Revenue Funds		Total Nonmajor Governmental Funds
	911 Communications	Drug Forfeiture	
Assets			
Cash and investments	\$ -	\$ 50,342	\$ 50,342
Receivables - Net	31,069	-	31,069
Total assets	<u>\$ 31,069</u>	<u>\$ 50,342</u>	<u>\$ 81,411</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 1,463	\$ 1,463
Deferred revenue	31,069	-	31,069
Total liabilities	31,069	1,463	32,532
Fund Balances - Unreserved	-	48,879	48,879
Total liabilities and fund balances	<u>\$ 31,069</u>	<u>\$ 50,342</u>	<u>\$ 81,411</u>

Charter Township of Plymouth

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended December 31, 2004

	Special Revenue Funds		Total Nonmajor Governmental Funds
	911 Communications	Drug Forfeiture	
Revenue			
Interest income	\$ -	\$ 602	\$ 602
Forfeitures	-	18,315	18,315
Other	<u>119,976</u>	<u>-</u>	<u>119,976</u>
Total revenue	119,976	18,917	138,893
Expenditures - Public safety	<u>119,976</u>	<u>21,161</u>	<u>141,137</u>
Excess of Expenditures Over Revenue	-	(2,244)	(2,244)
Fund Balances - Beginning of year	<u>-</u>	<u>51,123</u>	<u>51,123</u>
Fund Balances - End of year	<u><u>\$ -</u></u>	<u><u>\$ 48,879</u></u>	<u><u>\$ 48,879</u></u>

Charter Township of Plymouth

Other Supplemental Information Budgetary Comparison Schedule Drug Forfeiture Fund Year Ended December 31, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Forfeitures and interest income	\$ 5,000	\$ 20,000	\$ 18,917	\$ (1,083)
Expenditures - Public safety	<u>4,000</u>	<u>24,340</u>	<u>21,161</u>	<u>3,179</u>
Net Revenue (Expenditures)	1,000	(4,340)	(2,244)	2,096
Fund Balance				
Beginning of year	<u>51,526</u>	<u>51,123</u>	<u>51,123</u>	<u>-</u>
End of year	<u>\$ 52,526</u>	<u>\$ 46,783</u>	<u>\$ 48,879</u>	<u>\$ 2,096</u>

Charter Township of Plymouth

Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2004

	General Agency	Tax Collections	Totals
Assets - Cash and cash equivalents	<u>\$ 562,347</u>	<u>\$ 5,986,864</u>	<u>\$ 6,549,211</u>
Liabilities			
Due to other governmental units	\$ -	\$ 5,986,864	\$ 5,986,864
Deposits for developers and refundables	198,512	-	198,512
Deposits for building bonds	<u>363,835</u>	<u>-</u>	<u>363,835</u>
Total liabilities	<u>\$ 562,347</u>	<u>\$ 5,986,864</u>	<u>\$ 6,549,211</u>

Charter Township of Plymouth

Other Supplemental Information Combining Statement of Changes in Assets and Liabilities Fiduciary Funds December 31, 2004

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
<u>Agency Funds</u>				
Assets - Cash and cash equivalents	<u>\$ 721,417</u>	<u>\$ 658,434</u>	<u>\$ 817,504</u>	<u>\$ 562,347</u>
Liabilities				
Accrued and other liabilities	\$ 35,541	\$ 289,026	\$ 324,567	\$ -
Due to other governmental units	462	19,623	20,085	-
Deposits for developers and refundables	355,789	113,924	271,201	198,512
Deposits for building bonds	<u>329,625</u>	<u>237,060</u>	<u>202,850</u>	<u>363,835</u>
Total liabilities	<u>\$ 721,417</u>	<u>\$ 659,633</u>	<u>\$ 818,703</u>	<u>\$ 562,347</u>
<u>Tax Collection Fund</u>				
Assets - Cash and cash equivalents	<u>\$ 5,420,302</u>	<u>\$ 58,228,369</u>	<u>\$ 57,661,808</u>	<u>\$ 5,986,863</u>
Liabilities - Due to other governmental units	<u>\$ 5,420,302</u>	<u>\$ 59,067,943</u>	<u>\$ 58,501,382</u>	<u>\$ 5,986,863</u>
<u>Total - All Agency Funds</u>				
Assets - Cash and cash equivalents	<u>\$ 6,141,719</u>	<u>\$ 58,886,803</u>	<u>\$ 58,479,312</u>	<u>\$ 6,549,210</u>
Liabilities				
Accrued and other liabilities	\$ 35,541	\$ 289,026	\$ 324,567	\$ -
Due to other governmental units	5,420,764	59,087,566	58,521,467	5,986,863
Deposits for developers and refundables	355,789	113,924	271,201	198,512
Deposits for building bonds	<u>329,625</u>	<u>237,060</u>	<u>202,850</u>	<u>363,835</u>
Total liabilities	<u>\$ 6,141,719</u>	<u>\$ 59,727,576</u>	<u>\$ 59,320,085</u>	<u>\$ 6,549,210</u>

Statistical Section

Charter Township of Plymouth

	1995	1996	1997	1998
<u>Expenditures</u>				
General Government				
Supervisor	\$ 185,385	\$ 198,324	\$ 210,050	\$ 241,450
Information services	314,215	311,271	369,323	395,348
Assessor	179,006	197,341	172,197	204,546
Clerk	201,267	305,184	214,518	322,481
Treasurer	195,548	204,208	190,065	214,954
Township hall and grounds	158,081	160,583	171,466	148,564
General operating	232,401	231,012	249,871	208,243
Boards, commissions, and other	563,300	491,111	442,745	421,693
Total general government	2,029,203	2,099,034	2,020,235	2,157,279
Public Safety				
Law enforcement	2,057,332	2,271,199	2,494,468	2,671,929
Communications center	437,921	316,241	267,606	271,073
Fire department	1,893,266	2,037,625	2,061,595	2,248,318
Total public safety	4,388,519	4,625,065	4,823,669	5,191,320
Building	523,670	483,180	596,881	687,289
Public Services	188,770	247,491	279,012	318,073
Recreation and Cultural - Parks	340,457	396,290	542,481	263,125
Health and Welfare	260,912	196,558	81,372	37,329
Debt Service	93,740	97,030	94,930	97,680
Total expenditures	7,825,271	8,144,648	8,438,580	8,752,095
Other Financing Uses - Operating transfers out				
Drug Forfeiture Fund	-	-	-	-
Improvement Revolving Fund	594,177	335,598	281,677	750,647
Total other financing uses	594,177	335,598	281,677	750,647
Total expenditures and other financing uses	<u>\$ 8,419,448</u>	<u>\$ 8,480,246</u>	<u>\$ 8,720,257</u>	<u>\$ 9,502,742</u>

**General Governmental Expenditures by Function
Last Ten Fiscal Years**

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$ 242,955	\$ 255,617	\$ 397,668	\$ 358,832	\$ 359,823	\$ 369,725
479,207	429,210	271,836	296,428	268,728	291,682
214,234	207,640	229,122	241,584	314,793	365,338
409,176	554,604	494,014	542,340	491,306	558,698
237,744	239,089	321,824	294,456	286,364	307,761
184,536	164,495	154,362	140,344	132,451	136,378
418,566	327,963	651,519	330,403	341,553	286,072
<u>467,957</u>	<u>608,147</u>	<u>627,481</u>	<u>690,354</u>	<u>582,983</u>	<u>599,177</u>
2,654,375	2,786,765	3,147,826	2,894,741	2,778,001	2,914,831
2,957,403	3,444,336	3,214,704	3,464,033	3,406,567	3,644,507
384,912	519,581	615,938	742,974	819,675	854,412
<u>2,407,042</u>	<u>2,706,365</u>	<u>3,174,994</u>	<u>3,190,509</u>	<u>3,274,647</u>	<u>3,373,510</u>
5,749,357	6,670,282	7,005,636	7,397,516	7,500,889	7,872,429
732,027	802,119	694,171	672,674	608,692	631,973
387,270	376,504	431,915	385,107	419,414	384,114
360,988	431,110	638,296	234,912	246,550	287,328
96,970	130,785	143,076	96,774	163,558	225,623
<u>100,123</u>	<u>102,243</u>	<u>103,993</u>	<u>100,352</u>	<u>106,173</u>	<u>106,693</u>
10,081,110	11,299,808	12,164,913	11,782,076	11,823,277	12,422,991
-	-	-	-	51,123	-
<u>562,301</u>	<u>527,044</u>	<u>127,852</u>	<u>267,528</u>	<u>250,359</u>	<u>1,737,001</u>
562,301	527,044	127,852	267,528	301,482	1,737,001
<u>\$ 10,643,411</u>	<u>\$ 11,826,852</u>	<u>\$ 12,292,765</u>	<u>\$ 12,049,604</u>	<u>\$ 12,124,759</u>	<u>\$ 14,159,992</u>

Charter Township of Plymouth

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
<u>Revenue</u>				
Property Taxes	\$ 3,013,589	\$ 3,234,306	\$ 3,418,163	\$ 3,778,814
Licenses, Permits, and Fees				
Cable television franchise fees	67,884	119,788	138,161	160,406
Building licenses and permits	1,028,683	1,407,324	1,351,602	1,676,951
911 service fees	<u>90,490</u>	<u>91,484</u>	<u>-</u>	<u>-</u>
Total licenses, permits, and fees	1,187,057	1,618,596	1,489,763	1,837,357
Grants	260,912	196,558	81,372	48,445
State-shared Revenue	1,704,627	1,933,268	1,874,208	2,020,149
Charges for Services - Planning Commission/ Board of Appeals	83,473	75,498	77,983	93,055
Fines and Forfeits - District Courts	256,279	262,012	108,053	-
Interest and Rent				
Interest on investments	271,149	316,118	573,845	611,752
Golf course lease	<u>245,493</u>	<u>250,000</u>	<u>276,003</u>	<u>300,000</u>
Total interest and rent	516,642	566,118	849,848	911,752
Other				
Intergovernmental reimbursements	315,782	369,570	355,398	404,728
Contribution from City of Plymouth	391,769	616,506	636,822	693,610
Miscellaneous	<u>221,549</u>	<u>745,381</u>	<u>323,870</u>	<u>259,078</u>
Total other	<u>929,100</u>	<u>1,731,457</u>	<u>1,316,090</u>	<u>1,357,416</u>
Total revenue	<u>\$ 7,951,679</u>	<u>\$ 9,617,813</u>	<u>\$ 9,215,480</u>	<u>\$ 10,046,988</u>

**General Governmental Revenues by Function
Last Ten Fiscal Years**

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$ 4,117,846	\$ 4,408,297	\$ 4,699,081	\$ 5,204,451	\$ 5,624,458	\$ 5,641,737
199,879	308,936	304,830	280,950	283,667	295,341
1,712,318	1,472,753	1,229,773	869,878	750,430	673,820
-	-	-	-	-	-
1,912,197	1,781,689	1,534,603	1,150,828	1,034,097	969,161
260,261	166,095	362,798	247,638	113,770	211,179
2,196,699	2,281,115	2,569,570	2,412,189	2,169,801	2,048,750
43,857	56,585	60,873	87,474	131,906	144,541
160,080	621,984	408,462	278,632	188,209	104,108
619,169	804,082	622,886	234,898	144,167	137,076
325,000	347,917	352,083	350,000	350,000	350,000
944,169	1,151,999	974,969	584,898	494,167	487,076
462,994	462,583	477,838	488,842	448,330	478,545
606,835	877,200	936,837	1,314,574	1,103,710	1,116,037
509,989	311,549	624,717	626,874	671,153	745,080
1,579,818	1,651,332	2,039,392	2,430,290	2,223,193	2,339,662
<u>\$ 11,214,927</u>	<u>\$ 12,119,096</u>	<u>\$ 12,649,748</u>	<u>\$ 12,396,400</u>	<u>\$ 11,979,601</u>	<u>\$ 11,946,214</u>

Charter Township of Plymouth

General Fund Balance Compared to Annual Expenditures December 31, 2004 (Unaudited)

<u>Fiscal Year</u>	<u>Reserved Fund Balance</u>	<u>Unreserved Fund Balance</u>	<u>Annual Expenditures</u>	<u>Unreserved Fund Balance as a Percentage of Expenditures</u>
1995	\$ -	\$ 1,795,921	\$ 8,419,448	21.33
1996	-	2,933,489	8,480,246	34.59
1997	-	3,443,350	8,720,257	39.49
1998	-	3,987,596	9,502,742	41.96
1999	-	4,559,112	10,643,411	42.84
2000	1,448,889	3,402,467	11,826,852	28.77
2001	540,776	4,667,563	12,292,765	37.97
2002	407,863	5,147,272	12,049,604	42.72
2002 restated *	407,863	6,111,424	12,049,604	50.72
2003	-	6,374,129	12,124,759	52.57
2004	494,894	3,665,457	14,159,992	25.89

* Relates to accounting change associated with GASB 34.

Charter Township of Plymouth

Township Tax Collection History December 31, 2004 (Unaudited)

Fiscal Year	Township Taxes Levied	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Total Tax Levy
1995	\$ 3,447,292	\$ 3,298,887	95.70	\$ 121,466	\$ 3,420,353	99.22
1996	3,687,771	3,573,698	96.91	99,991	3,673,689	99.62
1997	4,006,651	3,878,895	96.81	104,734	3,983,629	99.43
1998	4,384,096	4,254,233	97.04	118,114	4,372,347	99.73
1999	4,670,844	4,516,722	96.70	122,426	4,639,148	99.32
2000	4,749,783	4,590,472	96.65	126,165	4,716,637	99.30
2001	5,226,089	5,064,629	96.91	119,524	5,184,153	99.20
2002	5,551,282	5,446,561	98.11	67,663	5,514,224	99.33
2003	5,769,041	5,669,666	98.28	79,114	5,748,780	99.65
2004	6,067,630	5,839,457	96.24	-	5,839,457	96.24

Note: Tax levies not adjusted for subsequent tax adjustments or tax tribunals.

Township levy includes water debt millage through 1999.

Charter Township of Plymouth

Taxable Value and Assessed Value of Township Property December 31, 2004 (Unaudited)

Fiscal Year	Real Property Taxable Value	Personal Property Taxable Value	Tax Abated Taxable Value	Total Taxable Value	State Equalized Value	Estimated Actual Value of Property
1995	\$ 826,815,296	\$ 108,906,570	\$ 41,978,750	\$ 977,700,616	\$ 834,220,106	\$ 1,668,440,212
1996	865,864,595	133,992,181	53,933,940	1,053,790,716	1,020,678,177	2,041,356,354
1997	941,804,484	147,463,080	74,405,480	1,163,673,044	1,124,193,975	2,248,387,950
1998	1,018,297,277	180,880,910	76,958,854	1,276,137,041	1,257,602,580	2,515,205,160
1999	1,097,509,525	206,519,070	89,868,940	1,393,897,535	1,472,452,505	2,944,905,010
2000	1,207,114,195	222,725,600	109,017,830	1,538,857,625	1,658,966,650	3,317,933,300
2001	1,326,999,080	217,798,910	97,142,304	1,641,940,294	1,862,611,820	3,725,223,640
2002	1,428,707,130	214,833,838	108,930,260	1,752,471,228	2,002,201,818	4,004,403,636
2003	1,501,206,576	218,590,040	89,628,270	1,809,424,886	2,122,362,096	4,244,724,192
2004	1,573,908,475	230,142,858	103,778,700	1,907,830,033	2,249,615,836	4,499,231,672

Charter Township of Plymouth

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Schools						
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Plymouth-Canton Schools	2.0800	2.1800	2.1800	2.1800	3.4700	3.1500
Schoolcraft Community College	1.8600	1.8600	1.8600	1.8600	1.8500	1.9789
RESA/Special Education	2.0000	2.0000	2.0000	2.0000	2.0000	1.8311
Other						
Wayne County	6.7300	6.7300	6.7300	6.7300	6.7068	6.6651
Plymouth Township	3.6000	3.5900	3.5600	3.5600	3.4600	3.2000
Wayne County Jail	0.9600	0.9600	0.9600	0.9600	0.9505	0.9446
Wayne County Parks	-	0.2500	0.2500	0.2500	0.2493	0.2477
Huron Clinton Metro Parks	0.2300	0.2300	0.2300	0.2300	0.2218	0.2202
Plymouth District Library	<u>1.0000</u>	<u>1.9400</u>	<u>1.9300</u>	<u>1.9300</u>	<u>1.6650</u>	<u>1.8297</u>
 Total millage for year	 <u>24.4600</u>	 <u>25.7400</u>	 <u>25.7000</u>	 <u>25.7000</u>	 <u>26.5734</u>	 <u>26.0673</u>

Tax Rate History of Direct and Overlapping Governments
December 31, 2004
(Unaudited)

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
6.0000	6.0000	5.0000	6.0000
3.4900	3.3000	3.1500	3.1000
1.8193	1.8043	1.8024	1.7967
1.9753	3.4643	3.4643	3.4643
6.6556	6.6380	6.6380	6.6380
3.2800	3.2694	3.2694	3.2694
0.9432	0.9381	0.9381	0.9381
0.2473	0.2459	0.2459	0.2459
0.2186	0.2170	0.2161	0.2154
1.7962	1.7875	1.7838	1.7778
<u>26.4255</u>	<u>27.6645</u>	<u>26.5080</u>	<u>27.4456</u>

Charter Township of Plymouth

Property Taxes Levied December 31, 2004 (Unaudited)

Fiscal Year	Township Taxes	County Taxes	School Tax	State Education	Community College	Library	Total
1995	\$ 3,447,292	\$ 9,499,794	\$ 8,774,534	\$ 5,624,708	\$ 1,781,651	\$ 957,583	\$ 30,085,562
1996	3,687,771	10,430,135	9,563,740	6,095,499	1,903,208	1,986,124	33,666,477
1997	4,006,651	11,438,398	10,803,124	6,773,971	2,087,428	2,166,765	37,276,337
1998	4,384,096	12,573,905	12,094,758	7,474,923	2,294,504	2,328,967	41,151,153
1999	4,670,844	13,659,201	15,068,554	8,187,950	2,486,345	2,247,768	46,320,662
2000	4,749,783	14,927,007	16,139,558	9,078,011	2,717,935	2,715,851	50,328,145
2001	5,226,089	15,997,083	17,208,600	9,713,986	2,898,755	2,861,954	53,906,467
2002	5,551,282	19,532,298	17,567,396	10,400,627	3,063,658	3,035,124	59,150,385
2003	5,769,041	20,296,906	17,785,517	8,999,938	3,180,479	3,147,656	59,179,537
2004	6,067,630	21,166,359	18,756,710	11,320,985	3,334,505	3,299,435	63,945,624

Charter Township of Plymouth

Taxpayer	Real Taxable Valuation	Personal Property Taxable Valuation	Tax Abated Taxable Valuation	Total Taxable Valuation
Visteon Corporation	\$ 10,752,340	\$ 28,752,460	\$ -	\$ 39,504,800
Johnson Control	21,952,430	8,410,390	-	30,362,820
Tower Automotive	681,670	4,864,410	25,201,030	30,747,110
Demattia/AEW Realty Co. L.L.C.	17,432,140	374,570	-	17,806,710
EFG Loan Funding	-	14,329,240	-	14,329,240
Dembs Roth Group	12,750,571	-	-	12,750,571
Detroit Edison	340,510	10,982,810	-	11,323,320
AFL-CIO	8,979,190	-	-	8,979,190
Compuware Sports Arena	8,536,910	404,940	-	8,941,850
Unisys	4,817,810	3,582,160	-	8,399,970
Total	<u>\$ 86,243,571</u>	<u>\$ 71,700,980</u>	<u>\$ 25,201,030</u>	<u>\$ 183,145,581</u>

Principal Taxpayers
December 31, 2004
(Unaudited)

<u>Total Taxes Billed</u>	<u>Percentage of Total Taxes Billed</u>
\$ 1,758,279	2.97
1,351,401	2.28
872,952	1.48
792,539	1.34
637,766	1.08
575,628	0.97
506,569	0.86
399,646	0.68
397,984	0.67
<u>373,910</u>	<u>0.63</u>
 <u>\$ 7,666,674</u>	 <u>12.96</u>

Charter Township of Plymouth

Special Assessments and Collections for the Past Ten Fiscal Years December 31, 2004 (Unaudited)

<u>Fiscal Year</u>	<u>Liens Assessed, Interest Charges, and Adjustments</u>	<u>Collections</u>	<u>Unpaid Balances</u>
1995	\$ 15,905	\$ 38,011	\$ 108,673
1996	1,675,820	238,377	1,546,116
1997	1,362,945	409,530	2,499,531
1998	(290,070)	402,716	1,806,745
1999	78,624	481,206	1,404,163
2000	1,673,461	456,039	2,621,585
2001	413,622	376,930	2,658,277
2002	1,117,631	1,556,726	2,219,182
2003	67,748	864,137	1,422,793
2004	465,988	466,056	1,422,725

Charter Township of Plymouth

Computation of Legal Debt Margin December 31, 2004 (Unaudited)

Debt limit - 2004 equalized value	<u>\$ 2,249,615,836</u>
Debt limit (10 percent of equalized valuation)	\$ 224,961,584
Total debt applicable to debt limit	<u>7,333,133</u>
Legal debt margin	<u>\$ 217,628,451</u>

Charter Township of Plymouth

Ratio of Annual Debt Service Expenditures for General Obligated Debt December 31, 2004 (Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Annual Expenditures</u>	<u>Ratio of Debt Service to General Expenditures (Percent)</u>
1995	\$ 45,000	\$ 48,740	\$ 93,740	\$ 8,419,448	1.11
1996	50,000	47,030	97,030	8,480,246	1.14
1997	50,000	44,930	94,930	8,720,257	1.09
1998	55,000	42,680	97,680	9,502,742	1.03
1999	60,000	40,123	100,123	10,643,411	0.94
2000	65,000	37,243	102,243	11,826,852	0.86
2001	70,000	33,993	103,993	12,292,765	0.85
2002	70,000	30,352	100,352	12,049,604	0.83
2003	80,000	26,173	106,173	12,125,725	0.88
2004	85,000	21,693	106,693	14,159,992	0.75

Charter Township of Plymouth

Ratio of Net General Obligated Debt to Assessed Value and Net General Obligation Debt Per Capita December 31, 2004 (Unaudited)

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Estimated Population</u>	<u>General Bonded Debt Outstanding (I)</u>	<u>Percent of General Bonded Debt to Assessed Value</u>	<u>Ratio of General Bonded Debt Per Capita</u>
1994	\$ 882,995,667	24,627	\$ 910,000	0.10	36.95
1995	834,220,106	25,221	865,000	0.10	34.30
1996	1,020,678,177	25,645	815,000	0.08	31.78
1997	1,124,193,975	25,493	765,000	0.07	30.01
1998	1,257,602,580	26,163	710,000	0.06	27.14
1999	1,472,452,505	27,087	650,000	0.04	24.00
2000	1,658,966,650	27,798	585,000	0.04	21.04
2001	1,862,611,820	28,443	515,000	0.03	18.11
2002	2,002,201,818	28,585	445,000	0.02	15.57
2003	2,122,362,096	28,783	365,000	0.02	12.68
2004	2,249,615,836	28,033	280,000	0.01	9.99

(I) General obligation bonds reported in the Enterprise Fund with government commitment

Charter Township of Plymouth

Computation of Direct and Overlapping Debt December 31, 2004 (Unaudited)

<u>Governmental Unit</u>	<u>Bonds Outstanding</u>	<u>Percentage</u>	<u>Total</u>
Plymouth Township	\$ 6,280,000	100.00	\$ 6,280,000
Plymouth Township	1,053,133	100.00	1,053,133
Western Townships Utilities Authority	35,146,661	100.00	<u>35,146,661</u>
Total direct debt			42,479,794
Wayne County	115,059,610	3.95	4,544,855
35th District Court	925,000	100.00	925,000
Plymouth-Canton Schools	219,635,000	34.63	76,059,601
Plymouth District Library	5,635,000	81.38	<u>4,585,763</u>
Total direct and overlapping debt			<u><u>\$ 128,595,013</u></u>

Charter Township of Plymouth

Demographic Statistics December 31, 2004 (Unaudited)

Fiscal Year	Population (A)	Per Capita Income	Median Age	Education in Years of Formal Schooling	School Enrollment Plymouth Canton Schools	Unemployment Rate (C)
1995	25,221	(B)	(B)	(B)	15,352	1.70%
1996	25,645	(B)	(B)	(B)	15,720	1.40%
1997	25,493	(B)	(B)	(B)	15,746	1.30%
1998	26,163	(B)	(B)	(B)	16,033	1.20%
1999	27,087	(B)	(B)	(B)	16,276	1.20%
2000	27,798	(B)	(B)	(B)	16,333	1.80%
2001	28,443	(B)	(B)	(B)	16,581	2.20%
2002	28,585	(B)	(B)	(B)	16,996	2.50%
2003	28,783	(B)	(B)	(B)	17,810	2.70%
2004	28,033	(B)	(B)	(B)	17,780	3.40%

(A) Estimated population per Southeast Michigan Council of Governments

(B) Not available

(C) Michigan Employment Security Commission

Charter Township of Plymouth

Building Permits, Value of Construction, Bank Deposits, and Assessed Value December 31, 2004 (Unaudited)

<u>Fiscal Year</u>	<u>Building Permits</u>	<u>Construction Value</u>	<u>Community Bank Deposits</u>	<u>Assessed Value</u>
1995	535	\$ 59,219,437	Not available	\$ 834,220,106
1996	615	122,335,808	Not available	1,020,678,177
1997	617	88,441,460	Not available	1,124,193,975
1998	691	105,193,901	Not available	1,257,602,580
1999	664	103,259,396	Not available	1,472,452,505
2000	762	83,429,730	Not available	1,658,966,650
2001	517	77,538,222	Not available	1,862,611,820
2002	354	47,086,207	Not available	2,002,201,818
2003	326	45,798,680	Not available	2,122,362,096
2004	368	42,793,873	Not available	2,249,615,836

Charter Township of Plymouth

	1995	1996	1997	1998	1999	2000	2001
Plymouth Twp. fire runs	588	590	677	691	718	579	614
City of Plymouth fire runs	<u>277</u>	<u>205</u>	<u>263</u>	<u>234</u>	<u>221</u>	<u>202</u>	<u>224</u>
Total community fire runs	865	795	940	925	939	781	838
Plymouth Twp. rescue runs	1,182	1,259	1,231	1,268	1,558	1,679	1,691
City of Plymouth rescue runs	<u>517</u>	<u>589</u>	<u>670</u>	<u>695</u>	<u>601</u>	<u>700</u>	<u>687</u>
Total community rescue runs	<u>1,699</u>	<u>1,848</u>	<u>1,901</u>	<u>1,963</u>	<u>2,159</u>	<u>2,379</u>	<u>2,378</u>
Total community fire department runs	<u>2,564</u>	<u>2,643</u>	<u>2,841</u>	<u>2,888</u>	<u>3,098</u>	<u>3,160</u>	<u>3,216</u>
Plymouth Twp. runs	1,770	1,849	1,908	1,959	2,276	2,258	2,305
City of Plymouth runs	<u>794</u>	<u>794</u>	<u>933</u>	<u>929</u>	<u>822</u>	<u>902</u>	<u>911</u>
Plymouth Twp. runs	69.03	69.96	67.16	67.83	73.47	71.46	71.67
City of Plymouth runs	<u>30.97</u>	<u>30.04</u>	<u>32.84</u>	<u>32.17</u>	<u>26.53</u>	<u>28.54</u>	<u>28.33</u>
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Staffing:							
Officers	6	6	6	6	6	6	6
Firefighters	<u>14</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>20</u>
Total	<u>20</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>26</u>

Source - Plymouth Community Fire Department Annual Reports

Note: City of Plymouth Fire Department merged with Charter Township of Plymouth's Fire Department in 1995.

Community Fire Department Runs and Firefighter Staffing
December 31, 2004
(Unaudited)

<u>2002</u>	<u>2003</u>	<u>2004</u>
666	649	580
<u>232</u>	<u>205</u>	<u>214</u>
898	854	794
1,698	1,620	1,600
<u>738</u>	<u>769</u>	<u>697</u>
<u>2,436</u>	<u>2,389</u>	<u>2,297</u>
<u>3,334</u>	<u>3,243</u>	<u>3,091</u>
2,364	2,269	2,180
970	974	911
70.91	69.97	70.53
<u>29.09</u>	<u>30.03</u>	<u>29.47</u>
100.00	100.00	100.00
6	6	6
<u>21</u>	<u>21</u>	<u>21</u>
<u>27</u>	<u>27</u>	<u>27</u>

Charter Township of Plymouth

Net Revenues Available for Water Debt Service December 31, 2004 (Unaudited)

Fiscal Year	Gross Revenue	Operating Expenses	Net Revenues Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1995	\$ 6,720,393	\$ 5,791,092	\$ 929,301	\$ 608,473	\$ 2,055,027	\$ 2,663,500	0.35
1996	7,159,098	5,579,064	1,580,034	533,171	1,971,681	2,504,852	0.63
1997	8,388,027	5,159,193	3,228,834	578,045	1,968,583	2,546,628	1.27
1998	7,722,546	6,094,162	1,628,384	1,806,195	1,618,105	3,424,300	0.48
1999	8,289,592	6,430,806	1,858,786	614,678	1,641,614	2,256,292	0.82
2000	7,485,173	6,122,995	1,362,178	777,088	1,495,293	2,272,381	0.60
2001	8,125,238	7,085,115	1,040,123	606,421	1,613,993	2,220,414	0.47
2002	9,818,138	7,317,375	2,500,763	457,701	1,286,424	1,744,125	1.43
2003	9,602,173	6,318,944	3,283,229	310,764	1,764,421	2,075,185	1.58
2004	9,837,175	6,223,051	3,614,124	409,100	1,727,330	2,136,430	1.69

Charter Township of Plymouth

Water and Sewer Rate and Water Consumed - Last Ten Fiscal Years December 31, 2004 (Unaudited)

Fiscal Year	Water Rate Per 1,000 Gallons	Sewer Rate Per 1,000 Gallons	Total Rate Per 1,000 Gallons	Residential Water Consumed in Gallons	Commercial Water Consumed in Gallons	Total Water Consumed in Gallons
1995	1.47	1.97	3.44	\$ 661,519,000	\$ 582,031,000	\$ 1,243,550,000
1996	1.47	1.97	3.44	828,833,000	634,016,000	1,462,849,000
1997	1.47	1.97	3.44	705,321,000	612,028,000	1,317,349,000
1998	1.47	1.97	3.44	889,621,000	660,146,000	1,549,767,000
1999	1.47	1.97	3.44	952,208,000	691,022,000	1,643,230,000
2000	1.47	1.97	3.44	785,681,000	637,773,000	1,423,454,000
2001	1.80	2.30	4.10	934,966,000	680,071,000	1,615,037,000
2002	2.20	2.72	4.92	1,023,625,000	707,027,000	1,730,652,000
2003	2.14	2.72	4.86	842,507,000	665,699,000	1,508,206,000
2004	2.14	2.72	4.86	797,856,000	665,190,000	1,463,046,000

Charter Township of Plymouth

Miscellaneous Statistical Data December 31, 2004 (Unaudited)

Date of incorporation	April 12, 1827
Township Charter adopted	1977
Form of government	Charter Township
Area of Township	16.6 square miles
Miles of Street and Sidewalks*	
Streets - Paved	139.5
Streets - Unpaved	4
Sidewalks	Not available
Fire and Emergency Medical Protection	
Stations	3
Employees - Sworn firefighters/paramedics	27
Employees - Sworn firefighters	2
Part paid - Sworn firefighters	7
Employees - Civilian	1
Police Protection	
Stations	1
Employees - Sworn	31
Employees - Civilian	16
Vehicular patrol units:	
Patrol cars	12
Motorcycles	4
Other vehicles	4
Water and Sewer	
Water customers:	
Residential	8,418
Commercial	1,130
Miles of water mains	174
Miles of sanitary sewers	140
Recreation	
Township park acreage	112.5
Township parks	5
Wayne County parks	1
Private subdivision parks	32
Seniors centers	1
Golf courses	2
Ice arenas	2
School playgrounds	7
Little League baseball fields	4
Soccer fields	4

* Township is not responsible for maintenance and repair of streets and sidewalks.

May 16, 2005

To the Board of Trustees
Charter Township of Plymouth
42350 Ann Arbor Road
Plymouth, Michigan 48170-4394

Dear Board of Trustees:

We recently completed our audit of the basic financial statements of the Charter Township of Plymouth for the year ended December 31, 2004. As a result of our audit, we have the following comments and recommendations for your review and consideration.

STATE SHARED REVENUE

State shared revenue accounted for approximately 17% of the Township's General Fund revenue and approximately 24% of government wide general revenues for the calendar year ended December 31, 2004. These percentages have eroded over the past five years, due to the State's economic troubles. The following chart depicts the Township's actual and estimated revenue sharing payments over a five year period- from the State's fiscal year ending September 31, 2001 through the fiscal year ending September 30, 2006:

	Actual				Estimated	
	<u>FY 00/01</u>	<u>FY 01/02</u>	<u>FY 02/03</u>	<u>FY 03/04</u>	<u>FY 04/05</u>	<u>FY 05/06</u>
Constitutional	\$ 1,779,279	\$ 1,796,498	\$ 1,822,033	\$ 1,802,242	\$ 1,855,035	\$ 1,937,771
Statutory	800,525	729,820	612,559	385,854	316,099	233,363
Total payments	2,579,804	2,526,318	2,434,592	2,188,096	2,171,134	2,171,134
Less: Library obligation	(97,217)	(97,217)	(97,217)	(97,217)	(97,217)	(97,217)
Net payments	<u>2,482,587</u>	<u>2,429,101</u>	<u>2,337,375</u>	<u>2,090,879</u>	<u>2,073,917</u>	<u>2,073,917</u>
Dollar change		(53,486)	(91,726)	(246,496)	(16,962)	-
Percentage change		-2.2%	-3.8%	-10.5%	-0.8%	0.0%

While the Constitutional portion of state shared revenue has been increasing modestly each year, the Statutory portion (the portion within the control of the legislature) has consistently been reduced. This has clearly impacted the Township's ability to finance operations and capital spending. The long run health of the state shared revenue may well be dependent on the State's current project to reform its business tax structure. We will continue to update the Township as developments occur.

FINANCIAL CONDITION OF THE TOWNSHIP

The General Fund ended 2004 with a fund balance of \$4,160,351. The 2005 budget projects fund balance to decrease to \$3,615,983. On the one hand, this is above the suggested minimum fund balance of approximately \$2 to 2.5 million. The Township is to be commended in its ability to maintain this level of fund balance, given four straight years of decreases in state shared revenue (and other revenue sources). On the other hand, the current project to build a new town hall is expected to put stress on your cash flow.

We think the Township should consider some of the following actions to relieve a potential cash flow crunch:

1. The financing plan for the new town hall includes proceeds from the sale of the existing town hall site. Because the cash flow from the sale is likely to occur after construction of the new town hall, the Township should consider how to bridge this gap in financing. You could consider external financing, or perhaps a using a loan from the water and sewer fund, to be repaid at an appropriate interest rate of 2% to 3%.
2. The original financing plan for the town hall included surplus budget availability in the General fund to pay debt service in the neighborhood of \$350,000 per year. Because of differences in anticipated staffing levels and fringe benefit costs, the 2005 budget does not contain this surplus. We believe the Township should prepare a five year financial forecast, to help evaluate whether the budget structure needs adjusting over the long run.
3. Make every attempt to limit change orders during the construction process. In general, change orders are the cause of most projects whose costs get out of control. We understand that a project of this magnitude is difficult to plan perfectly, which is what would be required to eliminate any change orders. However, we believe that a strong emphasis on limiting or reducing the size of change orders is one of the most significant areas for the Township to control its costs on this project.

FINANCIAL FORECAST/ MILLAGE RENEWAL

As indicated above, we believe that it would be helpful for the Township to prepare a five year forecast of its General Fund budget. If the forecast is to be the most helpful, we believe it should be combined with a strategy discussion by the Township Board, and a discussion of alternative methods of raising revenue and paying for services. Such a discussion could include the following:

- Are the resources being spent for the functions that are most important to the Township?
- Are the Township's services being provided at the appropriate cost? This includes a discussion of using employees v. privatize companies; the composition of compensation packages (wages v. fringes; types of fringes, etc); consolidation or breakup of departments to provide services most efficiently.

FINANCIAL FORECAST/ MILLAGE RENEWAL (CONTINUED)

- Are the residents paying the right amount? This includes a discussion of items such as whether there should be more emphasis on charges for services received v. property taxes; should we be looking for other sources of revenue like cell tower leases?

RETIREE HEALTH CARE BENEFITS AND GASB 45

The Governmental Accounting Standards Board (GASB) has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government- wide financial statements to recognize the cost of providing retiree health care coverage over the working life of employee, rather than at the time the health care premiums are paid. These new rules will only impact the individual fund- based financial statements to the extent municipalities choose to fund this cost in advance. Therefore, the manner in which retiree health care benefits are budgeted will not change, unless you begin funding the benefits. We encourage the Township, as part of its preparation for the implementation of GASB 45, to soon consider exploring the impact of this pronouncement on the Township with the assistance of an actuary. The earliest required potential implementation date of the new pronouncement is the year ended December 31, 2007.

CONSTRUCTION CODE FEES

The Construction Code Act calls for the Township to set fees in proportion to the Township's actual costs of complying with the Construction Code Act (building, electrical, and plumbing inspections, etc.). Recent declines in building activity have resulted in revenues well below actual direct and indirect costs. This has resulted in a shortfall of approximately \$363,000 of costs in excess of revenues for the year ended December 31, 2004.

We believe the Township should evaluate its building inspection activities to determine if there may be opportunities to reduce costs by comparing staffing levels with permit levels, as compared to other communities.

INTERNAL CONTROLS

During the past few years, the Township has made significant progress in cleaning up its general ledger. At this point in time, virtually every balance sheet account is evidenced by supporting documentation. We commend the Township for putting forth these efforts.

INTERNAL CONTROLS (CONTINUED)

We recommend that the reconciliation of general ledger accounts be performed throughout the year, through the use of a monthly or quarterly general ledger checklist. Specifically, this checklist would document the agreement of the general ledger cash and investment accounts to the Treasurer's bank reconciliation and the review of the bank reconciliations for reasonableness. These measures would further improve the Township's internal controls. To assist you, we have attached an example of a standard monthly closing procedure checklist.

CLOSING

We would like to thank you and your staff for the courtesy and cooperation extended to us during the audit. We appreciate the opportunity to serve as your auditors. If there are any questions about your financial report or the above comments and recommendations, we would be happy to discuss them at your convenience.

Very truly yours,

PLANTE & MORAN, PLLC



Joseph C. Heffernan

Attachment

CHARTER TOWNSHIP OF PLYMOUTH
 Monthly Closing Procedures – Accounting Department
 Month of _____, 20____

#	ITEM	YES	NO	IF NO, EXPLAIN
1	Compare the general ledger balance to the Treasurer's bank reconciliation, and review the bank reconciliation for any unusual items (note any unusual items and your follow-up):			
	• General Fund cash acct. (Fund #101)			
	• Brownfield cash acct. (fund #243)			
	• EDC cash acct. (fund #244)			
	• Downtown Development Authority cash acct. (#248)			
	• Improvement revolving cash acct.. (including Town hall construction acct.) – fund #246			
	• Drug forfeiture cash acct. (fund #265)			
	• Water and sewer cash acct (fund #592)			
	• Tax collection cash acct. (fund #703)			
2	• Special assessment cash account (fund #805)			
	• General and payroll checking acct. (includes Solid Waste and Trust and Agency cash accts. – fund #101, 701 & 226)			
	Do the following detailed accounting records (subsidiary detail ledgers) agree with the balance in the general ledger control account? (If account balances change from the prior month)			
	• W&S A/R?			
	• Special assessments receivable			
	• Wayne County CDBG receivable?			
	• Miscellaneous receivables			
	• Property taxes?			
	• Deposits for building bonds?			
3	• Deposits for developers and refundables?			
	• Other _____ ?			
	Are we current on property tax collections to be remitted to the schools and county?			
	Review all balance sheet accounts to ensure that only balance sheet items were posted to these accounts			
	Ensure that interfunds balance (all the due from's equal the due to's) If the amount recorded as a due from in one fund does not agree with the due to in another fund, adjust them accordingly			

Exhibit A

#	ITEM	YES	NO	IF NO, EXPLAIN
6	Ensure that the operating transfers from one fund to another are recorded appropriately in both funds (as a transfer out in one fund and a transfer in in the other fund)			
7	Ensure that each fund balances within itself. (credits in each fund equal the debits in each fund)			
8	Review all revenue accounts for reasonableness. Obtain an understanding of the reasons why any account is significantly different than the amounts budgeted.			
9	Review all expenditure accounts for reasonableness. Obtain an understanding of the reasons why any account is significantly different than the amounts budgeted.			
10	Are all expenditures under budget? (if not, communication to Township Supervisor to consider budget amendment or other appropriate action)			

Done By: _____

Date completed: _____

Reviewed by: _____

Date reviewed: _____